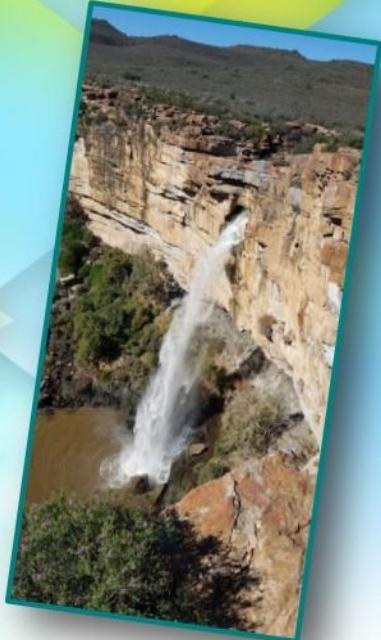


Hantam Municipality



Annual Report 2018/19





CONTENTS

CHAPTER 1: EXECUTIVE SUMMARY	5	CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	57
COMPONENT A: MAYOR'S FOREWORD	5	3.1 Performance Management.....	57
COMPONENT B: EXECUTIVE SUMMARY.....	7	3.2 The IDP and the Budget.....	58
1.1 Municipal Manager's Overview	7	3.3 Service Providers Strategic Performance	58
1.2 Municipal Functions, Population and Environmental Overview	9	3.4 Strategic SDBIP.....	58
1.3 Service Delivery Overview.....	23	3.4.1 Enhance Infrastructure Development and Basic Service Delivery	61
1.4 Financial Health Overview	27	3.4.2 Development and Transformation of the Institution.....	65
1.5 Organisational Development Overview	29	3.4.3 Facilitate Local Economic Development.....	66
1.6 Auditor-General Report.....	30	3.4.4 Maintain a Financially Sustainable and Viable Municipality.....	68
CHAPTER 2: GOVERNANCE.....	32	3.4.5 Promote Good Governance and Public Participation.....	69
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	32	3.5 Municipal Functions.....	70
2.1 Political Governance Structure	33	3.6 Overview of Performance per Ward.....	71
2.2 Administrative Governance Structure.....	36	COMPONENT A: BASIC SERVICES	73
COMPONENT B: INTERGOVERNMENTAL RELATIONS	38	3.7 Water Provision	74
2.3 Intergovernmental Relations (IGR).....	38	3.8 Sanitation Services	83
COMPONENT C: PUBLIC ACCOUNTABILITY	40	3.9 Electricity	85
2.4 Public Meetings	41	3.10 Waste Management (refuse collections, waste disposal, street cleaning and recycling).....	86
COMPONENT D: CORPORATE GOVERNANCE.....	46	3.11 Housing	89
2.5 Risk Management.....	46	3.12 Free Basic Services and Indigent Support.....	90
2.6 Anti-corruption and Anti-fraud.....	48	COMPONENT B: ROAD TRANSPORT	91
2.7 Audit Committee.....	48	3.13 Roads.....	91
2.8 Performance Audit Committee.....	49	COMPONENT C: PLANNING AND DEVELOPMENT	94
2.9 Internal Auditing	50	3.14 Planning.....	94
2.10 SCM	51	3.15 LED.....	96
2.11 By-Laws and Policies.....	53		
2.12 Website	54		
2.13 Communication	55		



CONTENTS

COMPONENT D: COMMUNITY AND SOCIAL SERVICES	107		
3.16 Libraries.....	107	4.3 Capacitating the Municipal Workforce	144
3.17 Cemeteries.....	112	4.4 Managing the Municipal Workforce Expenditure	147
3.18 Social Programmes.....	113		
COMPONENT E: ENVIRONMENTAL PROTECTION	115	CHAPTER 5: FINANCIAL PERFORMANCE	150
3.19 Pollution Control	115	COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE.....	150
3.20 Bio-diversity, Landscape and Open Spaces.....	115	5.1 Financial Summary	150
COMPONENT F: SECURITY AND SAFETY	115	5.2 Financial Performance per Municipal Function	155
3.21 Traffic, Security and Licensing.....	116	5.3 Grants	162
COMPONENT G: SPORT AND RECREATION.....	119	5.4 Financial Ratios Based on KPI	164
3.22 Community Halls.....	119	COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	167
3.23 Swimming Pools.....	121	5.5 Capital Expenditure	168
3.24 Caravan Park	122	COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	170
3.25 Nature Reserves.....	123	5.6 Cash Flow	170
3.26 Sport Grounds	124	5.7 Gross Outstanding Debtors per Service	171
COMPONENT H: CORPORATE POLICY, OFFICES AND OTHER SERVICES	126	5.8 Total Debtors Age Analysis	172
3.27 Executive and Council	126	5.9 Borrowing and Investments	173
3.28 Financial Services	128	COMPONENT D: OTHER FINANCIAL MATTERS... 	175
3.29 HR.....	131	5.10 SCM	175
3.30 Corporate Services.....	133	5.11 GRAP Compliance.....	175
COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD	135	CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS	177
3.31 Development and service delivery priorities for 2019/20	135	COMPONENT A: AUDITOR-GENERAL OPINION 2017/18	177
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART I)	140	6.1 Auditor-General Report: 2017/18	177
4.1 Introduction to the Municipal Workforce	140	COMPONENT B: AUDITOR-GENERAL OPINION 2018/19	180
4.2 Managing the Municipal Workforce	143	6.2 Auditor-General Report: 2018/19	180
		LIST OF TABLES.....	182



CONTENTS

LIST OF GRAPHS	185
LIST OF FIGURES	185
LIST OF ABBREVIATIONS	187

DRAFT 1



CHAPTER 1: EXECUTIVE SUMMARY





CHAPTER 1: EXECUTIVE SUMMARY

CHAPTER 1: EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

As the Mayor of Hantam Municipality, I herewith present the Draft Annual Report 2018/19 which gives an overview on the Municipality's performance over the past financial year. The report provides a state of the financial affairs as well as the administrative and governance maturity levels of the organisation. We take pride in the achievement of our municipality being rated amongst the top 20 best-run municipalities in the country, achieving 17th place, according to The Government Performance Index, compiled by the research and advocacy group of Good Governance Africa (GGA).

We continuously strive to deliver quality services to communities we serve to fulfil our vision to make "**Hantam, a place of service excellence and equal opportunities creating a better life for all**". We are mindful of the many challenges of service delivery such as aged infrastructure, absence of Master Plans for basic services delivery including a Financial Plan and low revenue base amongst other. We also acknowledge the frustrations and everchanging needs and demands of communities in Hantam but with limited resources we still aim to provide basic service delivery to the best of our ability. We are grateful for the contributions made by all stakeholders of the municipality to better the lives of our citizens. Throughout the year under review we regularly engaged with these stakeholders, investors and businesses in our area as we acknowledge the imperative to carefully develop and implement relevant projects included in our Integrated Development Plan and to facilitate, as far as possible, a similar response from the other tiers of government to these needs. We also

conducted frequent stakeholder and public consultations to report on the implementation of programmes and projects completed.

I thank all our stakeholders for funding support, the local businesses and residents for being loyal in meeting their municipal commitments despite the current economic climate. I further encourage all clients of the Municipality to prioritize their municipal services accounts to enable us to deliver sustainable services to all residents.

Local economic development remains a major driving force for long term sustainable service delivery and job creation. We are thus committed to make holistic effort to deliver on our socio-economic mandate in line with the National Development Plan goals with the realization of the high unemployment rate and poverty levels across the municipal area. We will continue to give support to local SMMEs and value the input and contributions of our economic stakeholders who provide necessary assistance to help grow them into sustainable businesses. I would like to encourage our Youth and vulnerable groups to also participate in economic opportunities.

We host the first "Hantam Kuier en Kultuur Fees" celebrating the diverse and rich culture of our area and its communities. The aim is to host the festival as an annual calendar event to raise funds for the Mayoral Special Programmes Fund to assist the poorest of the poor and vulnerable individuals & groups, emerging entrepreneurs and also assist the youth that excel in academics and sport. It will also promote social integration and cohesion as well as boost the local economy and tourism.



CHAPTER 1: MAYOR'S FORWARD

We are grateful for the national Community Works Programme (CWP) as well as Expanded Public Works Programme (EPWP) that create employment opportunities and bring relief to communities. I would like to thank all role players and the community for participating in these programmes. Households that qualify to receive free basic services are encouraged to register for Indigent Support at the municipality.

As the Mayor of Hantam Municipality I treasure the people of our municipal area who provide us an opportunity to serve them. Basic services are provided to all formal and informal households and they have access to clean water, sanitation services and refuse removal.

I thank SKA/SARAO for their contribution in providing funding and appointed a service provider to draft the Spatial Development Framework (SDF) 2018-2023. The SDF for Hantam was reviewed which enable us to identify land for the respective land uses and developments. This will not only fast-track the process of addressing the housing backlog by providing access to decent housing to those communities desperately in need for a house, but also an opportunity for businesses to be able to grow the economy.

Lastly, I thank a committed Council, Administration and Ward Committees for their contribution and devoted efforts. Congratulations to all municipal staff on their performance mentioned in this report which resulted into an unqualified audited opinion for 2018/19 for Hantam Municipality. All praises to The Almighty for His guidance that enabled us such an achievement!

Cllr. RN Swartz

MAYOR



CHAPTER 1: EXECUTIVE SUMMARY

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

This Annual Report focuses on Hantam municipality's financial and operational performance during the 2018/19 financial year. It documents the Council's performance against the 2018/19 Budget and its progress in line with the Integrated Development Plan, as the only Strategic Plan which was adopted in May 2018. The IDP 2018/19 shapes and outlines the Municipality's long-term strategic direction and expresses the community's vision for the future, together with objectives to deliver community aspirations.

Shaping our municipality, is guided by the following goals:

- ***Enhance infrastructure development and basic service delivery***
- ***Development and transformation of the institution***
- ***Facilitate Local Economic Development***
- ***Maintain a financially sustainable and viable municipality***
- ***Promote good governance and public participation***

The Council's Annual Report includes a snapshot of performance and an overview of the municipalities outlook for the future. It includes plans to ensure the sustainability of the organisation, and the community being served. It also provides employees with information about how well the municipality has performed over the past year and how their efforts have contributed to achieving the Municipality's vision.

The severe drought remains a key risk to the municipality and it impacts largely on the economy as well as communities of Hantam. We had low rainfall and had to

institute water restrictions throughout the municipal area to manage water resources as well as encourage residents to use water more sparingly. To mitigate this risk a large portion of our Capital Budget expenditure was utilised to increase Bulk Water Infrastructure and demand in Loeriesfontein, Brandvlei as well as Calvinia. These capital projects were successfully implemented within the required timeframes with the Brandvlei Bulk Water Supply project now in construction phase and will be completed during 2020/21.

During the year under review the following capital projects have been implemented:

- Calvinia and Brandvlei Bulk Water Supply (R 7 500 000)
- Brandvlei and Loeriesfontein Bulk Water Supply (R39 272 000)
- Brandvlei: Upgrading of Church, Kareeboom and Christians Road (R5 921 634)

We acknowledge that the municipality cannot render sustainable basic services or maintain infrastructure such as water, electricity, sewerage networks unless rates and taxes are paid on a consistent basis. Thank you to all our stakeholders for funding support, the local businesses and residents for being loyal in meeting their municipal commitments despite the current economic climate. The Municipality's valuation roll has been updated for implementation during the 2019/20 financial year which will increase revenue for the Municipality whilst we explore other ways to increase income.

CHAPTER 1: MAYOR'S FORWARD



Despite challenges of aged infrastructure and the municipality's dependence on grant funding to implement capital projects, we strive to render basic services to all residents. The backlogs of electricity connections are only predominant in informal areas. Sanitation backlogs with regards to bucket system and VIP/UDS toilet systems are gradually phased out. Old water meters will be phased out and replaced with new SMART digital meters for more accurate readings and billing which will enhance revenue for the municipality. Vandalism of public property and infrastructure needed for service delivery, remains a challenge which negatively impacts on the municipality's resources as well as the standard of service delivery. Township establishment for the rural settlements Middelpos and Zwartkop remains a challenge to us which hampers the provision of decent basic services to the poorest of the poor.

The top 6 strategic risks of the Municipality for the 2018/19 financial year are the following:

- Scarce water resources
- Outstanding debtors
- Liquidity
- High electricity and water losses
- Outdated Information Technology (IT) infrastructure
- Occurrence of irregular and fruitless expenditure

I thank the community and all stakeholders for their contributions to help grow and develop Hantam. I thank the Mayor and Council for their input and supporting the administration. Lastly, I thank all staff for their efforts and serving our people. Without the commitment of all, Hantam Municipality would not be able to achieve an unqualified audit opinion for 2018/19 financial year.

To ensure its accuracy, the Annual Report will be assessed by the community through a public participation process, is reviewed by the external Auditors and the financial statements were certified by an independent auditor. Only a limited number of hard copies of this Draft Annual Report were produced, which will be available at all the offices of Hantam Municipality. However, it can be downloaded from our website: www.hantam.gov.za.

JI Swartz

MUNICIPAL MANAGER



CHAPTER 1: EXECUTIVE SUMMARY

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Hantam Municipality (HM) in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2018/19 annual report reflects on the performance of the HM for the period 1 July 2018 to 30 June 2019. The annual report is prepared in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an annual report for each financial year.

1.2.1 Vision and mission

a) Vision

*"An enabling environment with sustainable service delivery and equal opportunities
to ensure a better life for all"*

b) Mission

*"To create an enabling environment through good governance, sustainable service delivery,
financial management, investments and intergovernmental co-operation, where all can
reach their full potential"*

c) Strategic objectives

*Enhance Infrastructure Development and Basic Service Delivery
Development and Transformation of the Institution
Facilitate Local Economic Development
Maintain a Financially Sustainable and Viable Municipality
Promote Good governance and Public Participation*

CHAPTER 1: EXECUTIVE SUMMARY

1.2.2 Demographic information

a) Municipal geographical information

The jurisdiction of the Hantam Municipality covers an area of 36 128 km², which constitutes 28% of the total area (viz. 126 836 km²) of the Namakwa District municipality within which it lies. The Hantam Municipality is located in the south-western segment of the district and wedged mainly between both Northern Cape and Western Cape municipalities. The Northern Cape municipalities are the Karoo Hoogland, Kareeberg and !Kheis municipalities (to the east), Kamiesberg and Khai-Ma municipalities (to the west), and Kai !Garib (to the north). The Western Cape municipalities are Matzikama and Cederberg Municipalities (to the west) and Witzenberg Municipality (to the south). The following maps show the location of the municipality in the province (see Map 1) and the regional location with the main towns (see Map 2).

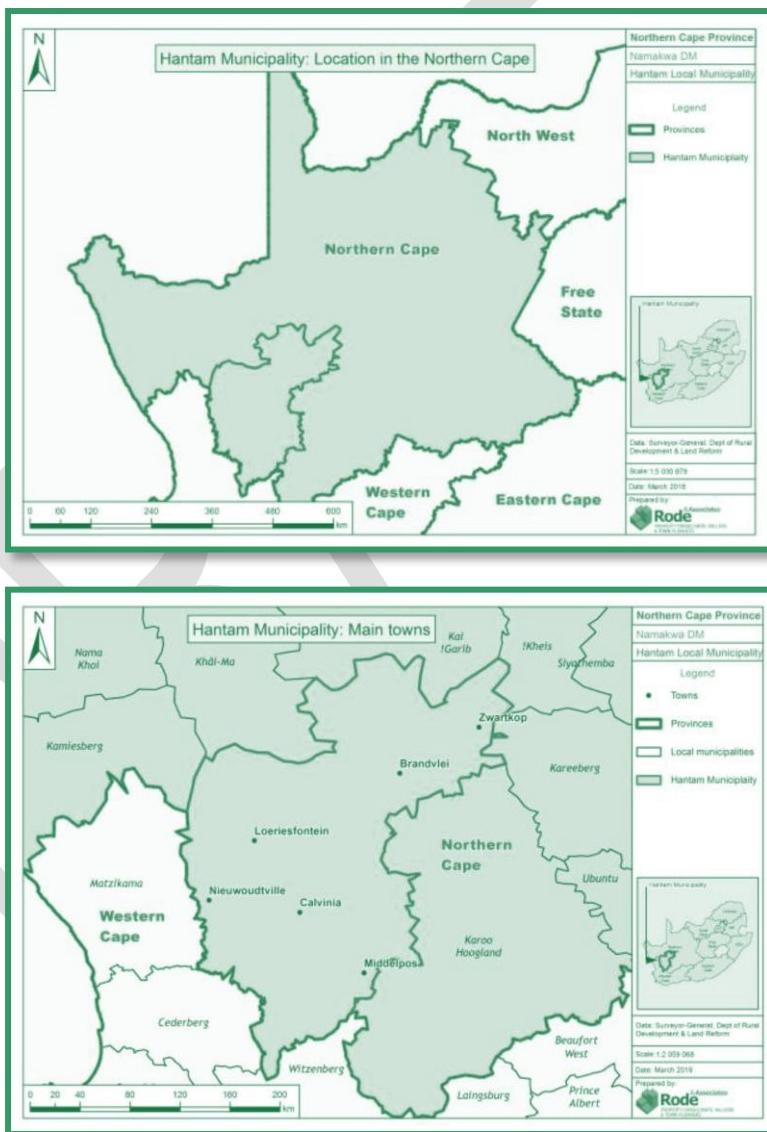


Figure 1: Maps of Hantam Municipal Area



CHAPTER 1: EXECUTIVE SUMMARY

Map 2: The HM includes Calvinia (the centre), Brandvlei, Loeriesfontein, Middelpos, Nieuwoudtville and Swartkop. The HM is one of six local municipalities that form part of the Namakwa District Municipality. Calvinia is approximately 400 km from Cape Town, Springbok, Upington and Beaufort West and links to the surrounding towns via the following roads:

- R27 to Nieuwoudtville in the west and to Brandvlei in the north-east
- R63 to Williston in the east
- R354 to Middelpos which lies to the south-east
- R355 to Loeriesfontein which is situated to the north-west of Calvinia

Low accessibility is a restriction to economic development in the area. A 1 250 meter tarred landing strip, which is situated close to Calvinia, is currently being used by many tourists who wish to visit this beautiful part of the Northern Cape and by the Red Cross for emergency.

Seventy per cent of the population of approximately 21 505 people live and work in the towns. Farming is the main contributor to the economy, namely sheep, wool, lucerne and rooibos tea. Numerous government departments are situated in Calvinia. Hantam is well known for its wide-open spaces, stunning mountain ranges and nature reserves filled with an incredible array of plants and bulbs which are indigenous to the area.

Below are some characteristics of the settlements/towns within the municipal area, viz. Calvinia, Loeriesfontein, Nieuwoudtville, Brandvlei, Middelpos and Swartkop:

- It is a small-town sub-region with a mix of sparsely populated towns and low levels of development despite the strategic location of some towns in terms of road and rail transport corridors. Unfortunately, the railway line that served for many years as the primary conduit for the transportation of agricultural products from Calvinia, has fallen into disuse.
- Calvinia serves as the main agricultural service centre with the associated transport infrastructure shaping the (original) spatial structure of the town. In the second half of the previous century, the form-giving ideology of apartheid spatial planning (re)shaped the urban configuration into racially segregated residential neighbourhoods and a single central business area.
- The highest population densities are in (lower-income) neighbourhoods with sub-standard quality of services and urban environment.
- Limited construction of residential and non-residential buildings (in number and size).
- Home availability and affordability problems owing to a supply-side that has not been keeping up with demand, and worryingly, may lead to overcrowding. In this regard, backyard-living must be acknowledged as a legitimate form of housing, provided it does not compromise safety and health standards. Also, not to be ignored, is the extra income that home owners earn in this manner.
- Degradation of environmental, heritage and agricultural assets.

CHAPTER 1: EXECUTIVE SUMMARY



Lack of addressing the climate vulnerability of urban areas through adopting and implementing specific adaptation measures.

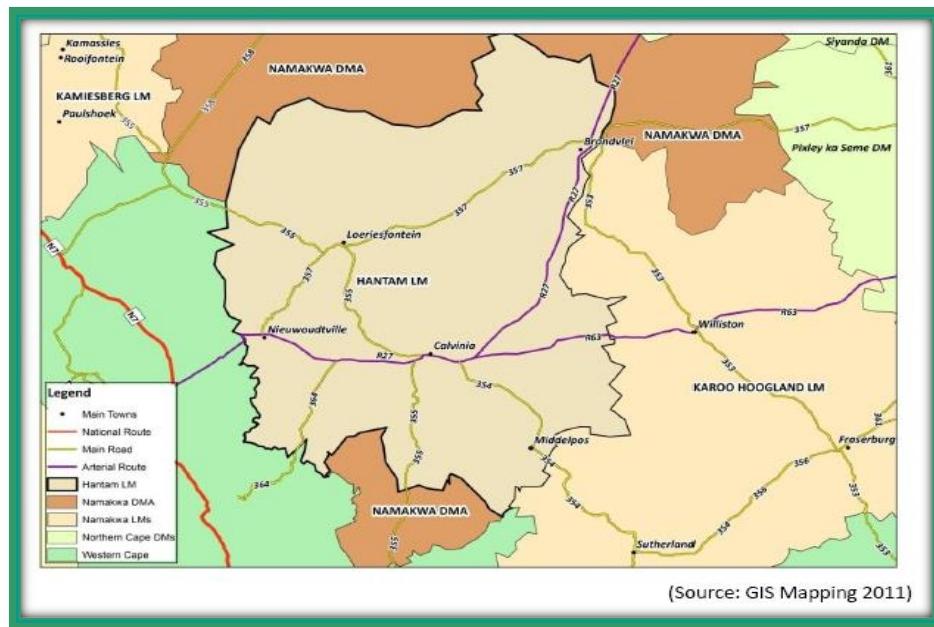


Figure 2: Map of Hantam road infrastructure

The Municipality is currently structured into the following wards:

Ward	Areas
1	Calvinia
2	Calvinia
3	Brandvlei and Zwartkop
4	Nieuwoudtville and Middelpos
5	Loeriesfontein

Table 1: Municipal wards

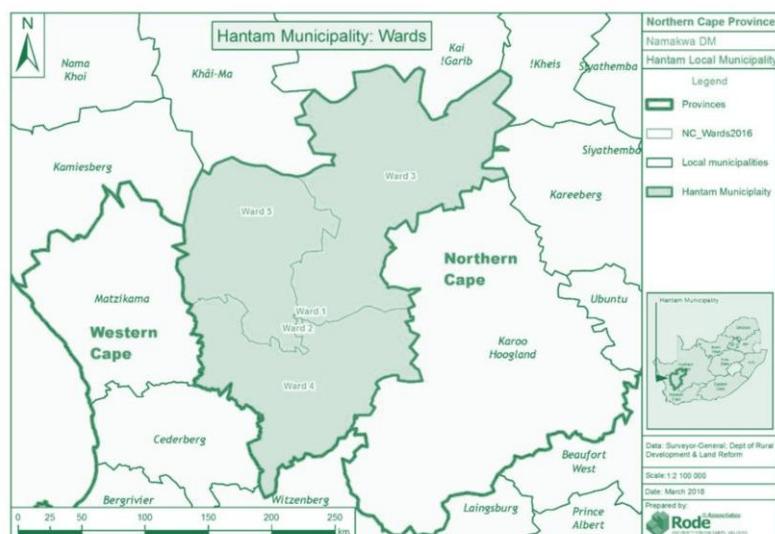


Figure 3: Map: Hantam Municipal Wards



CHAPTER 1: EXECUTIVE SUMMARY

Calvinia



Calvinia is named after the French religious reformer Jean Calvin. The town is just south of the Hantam mountains on the banks of the Oorlogskloof (meaning "War Ravine") River. Calvinia enjoys 80% starlight and is renowned for its kaleidoscope of spring wildflowers coinciding with the Namaqualand wildflower spectacle.

The name Hantam is derived from the Khoisan word Han-ami, which refers to a plant with edible roots (*Pelargonium bifolium*, in Afrikaans "uintjies"). Han-ami means "where the red bulbs grow". The first reverend, N.J. Hofmeyr, proposed that the church be named after John Calvin. On 30 October 1851, the

town was officially named Calvinia. It became a municipality in 1904.

The Calvinia Museum is housed in the former art deco-styled Jewish synagogue built in 1920. The museum portrays the lives of the early European settlers. It displays a cedar woodhorse mill and mounted Cape fat-tailed, merino and dorper sheep. Unusual specimens, such as a 4-legged ostrich, can also be viewed here. The Akkerendam Nature Reserve is located three kilometres north of Calvinia. The reserve offers unique flowers and two hiking trails across the Hantam mountain range. The indigenous and rare sterboom (literally translated "star tree") (*Cliffortia arborealis*) can be seen here. The Hantam Meat Festival, an agricultural show and great barbecue (Afrikaans "braai"), takes place every year in late August.

Brandvlei

Brandvlei is a small town in the Karoo region of the Northern Cape. This is where a 19th-century trekboer called 'Ou Brand' settled. Brand camped at this spot at the Sakrivier, a dry riverbed, which only occasionally had water after good rains and which typically resulted in flash floods. The settlement was divided into two by such a flood in 1962. Brandvlei is located in the Bushmanland, also known as the Thirst Land ("Dorsland" in Afrikaans). This area was once sub-tropical during the Miocene period and many fossils have been



CHAPTER 1: EXECUTIVE SUMMARY



found which date to this period. After it was recovered, a municipality was formed in today, however, this region contains very scarce vegetation, primarily consisting of low shrubs and yellow grass among a rocky desert kind of landscape.

Tourist Attractions:

- Birdlife – The salt pans are revived into bird sanctuaries after the summer rains,
- Dutch Reformed Church – a visit to the old Neo-Gothic style Dutch Reformed Church,
- Lekkerlêen Kans – Two farms exhibiting splendid displays of San rock engravings,
- Paragliding – In 1993 the record set for greatest gain in height was set in Brandvlei (4 526m). The Karoo area is very thermic and has set multiple paragliding world records over the years.

Loeriesfontein



The town of Loeriesfontein lies within a basin surrounded by mountains and is accessed via the N7 highway (north out of Cape Town). Loeriesfontein became a municipality in 1958, but it has since lost that status in a re-organisation of municipal responsibilities that were incorporated into the now called Hantam Municipality.

The town was formed around a general store established in 1894 by a British travelling bible salesman named Fredrick Turner, the son of the sister of Charles Spurgeon. The store around which Loeriesfontein formed still exists today and is currently owned by Victor Haupt, the grandson of Fredrick

Turner. The shop is called Turner&Haupt SPAR, and has been in the family for 113 years. South-Western Loeriesfontein forms part of the wider region known as Namaqualand, an area well known for its spring flowers (August and September) and its large variety of diverse vegetation - some 4 000 varieties are said to be evident in this region. During 'flower season, the flowers attract many visitors to the region, while at other times activities centre on agriculture (sheep) and mining (salt).

Tourist Attractions:

- Windmill museum – wind pumps on display at the Fred Turner Museum,
- Fred Turner folk and culture museum – Cultural and historical way of life of the "Trek Farmers" of Namaqualand,
- Salt Pans – situated 100km outside of Loeriesfontein, on the spacious plains of Bushmanland, are salt pans (dwaggas) still in production,
- Quiver trees – Large quiver trees referred to as "Aloes" on the road from Nieuwoudtville to Loeriesfontein.

CHAPTER 1: EXECUTIVE SUMMARY



Nieuwoudtville

Nieuwoudtville lies on the Bokkeveld Escarpment and was established in 1897. It is a unique International Biodiversity Hotspot and lies on the Bokkeveld Plateau, where the Cape fynbos meets the Hantam Karoo, Bushmanland and the Knersvlakte. It is a place where the silence, space and stars contribute to a tranquil way of life.



Tourist Attractions:

- ✿ Neo-Gothic Sandstone Church (National Monument),
- ✿ Local Historical Sandstone Ruins,
- ✿ Quiver Tree Forest (Aloe Dichotoma),
- ✿ Glacial Pavement,
- ✿ Abundant Rock Art,
- ✿ Local Bulb Nursery,
- ✿ Nieuwoudtville Wild Flower Reserve,
- ✿ Hantam National Botanical Garden,
- ✿ Oorlogskloof Nature Reserve and the Nieuwoudtville Waterfall Reserve,
- ✿ Outdoor activities can be enjoyed – including: caravanning; bird watching; hiking; cycling; hang and paragliding; 4 x 4 routes and stargazing



CHAPTER 1: EXECUTIVE SUMMARY

Middelpos

The small village of Middelpos lies in the southern parts of the Roggeveld. This privately-owned village is a place where the experience of silence, space and stars contribute to a tranquil way of life. Middelpos is halfway between Sutherland and Calvinia on the R354 and there is a direct access road from Ceres. Apart from the school and police station, the town has a hotel, shop, garage and post office and also more than 50 residences with a population of ±300 people.



b) Population

According to Community Survey 2016, the Municipality has a total population of 21 343. The population is remaining stable with little or no growth. There is a high percentage of backyard housing dwellings and illegal land occupants within the municipal area due to the non-availability of formal housing or serviced sights.

The table below illustrates the population in the municipal area since 2001:

Population	2001	2009	2011	2016	2018
Number of people residing in the municipal area	19 942	20 351	21 578	21 343	24 800*
(*) Source: HIS Markit – Statistical overview Hantam					

Table 2: Population

The population of 21 343 (as per Community Survey 2016) in terms of race classification is 86.79% coloured, 11.82% white, 0.94% black african and 0.45% indian/asian.

Year	Black african	Coloured	Indian/asian	White	Other	Grand total
2011	841	17 698	121	2 467	451	21 578
2016	200	18 523	97	2 523	0	21 343

Table 3: Population by race



CHAPTER 1: EXECUTIVE SUMMARY

The Census 2011 population figures per ward are indicated in the table below (Hantam is per definition the non-urban area and includes inter alia Middelpos, Swartkop, Klipwerf, Diepdrif and Elandsvlei, unless otherwise stated):

Area	Black african	Coloured	Indian/asian	White
Brandvlei	18	2 088	3	199
Calvinia	144	6 937	24	1 355
Hantam	48	4 147	0	1 010
Loeriesfontein	15	2 057	3	331
Nieuwoudtville	39	1 172	6	220

Table 4: *Population by race per area*

The table below includes data regarding the composition of the population per age and gender category. The population pyramid indicates that a significant portion of the population is younger than 20 years, which is not uncommon for a rural community. It is concerning that so few people (the 'employable') between the ages of 20 and 40, resides in the area.

Age Group	% Males	% Females
0-4	4.8	4.2
5-9	4.7	4.3
10-14	4.8	4.5
15-19	4.6	4.2
20-24	3.9	3.7
25-29	3.7	3.5
30-34	2.9	2.8
35-39	3.2	3.3
40-44	3.4	3.5
45-49	3.3	3.3
50-54	2.9	3.1
55-59	2.4	2.5
60-64	1.9	2.0
65-69	1.4	1.6
70-74	1.0	1.2
75-79	0.6	0.8
80-84	0.3	0.6
85+	0.2	0.5
Grand Total %	50.1	49.9
Grand Total	10 810	10 769

Table 5: *Population by age and gender*



CHAPTER 1: EXECUTIVE SUMMARY

The table below includes data regarding the composition of the population by age. A higher total dependency ratio in 2017 than in 2011, means the working age population, and the overall economy, now faces a greater burden in supporting the two other age segments, i.e. younger than 14 and older than 65.

Indicator	2011	2017
Total dependency ratio	59.5	62.0
Child dependency ratio	45.7	46.6
Aged dependency ratio	13.8	15.4
Child population (0-14)	6 047	6 192
Working age population (15-64)	13 246	13 274
Aged population (65+)	1 833	2 038

Source: Quantec

Table 6: Population age ratio's

c) Households

More than 35% of the households in the municipal area are indigent, which have an impact on own revenue generated by the Municipality. The highest number of indigents stays in Calvinia.

Area	Households 2018/19	Indigents
Calvinia	2 177	1 295
Brandvlei	781	573
Loeriesfontein	1 010	685
Nieuwoudtville	590	346
Middelpos	46	38
Swartkop	41	41
Farms	2 484	0
Total	7 129	2 699

Table 7: Total number of households

Households	2009/10	2011/12	2012/13	2014/15	2015/16	2016/17	2017/18	2018/19
Number of indigent households	1 885	1 905	1 938	2 211	2 482	1 915	2 618	2 699* 2 672 (IDP 2019/20)

() Hantam Financial system*

Table 8: Total number of indigent households

Unemployment and poverty affect a large number of people within the municipal area. The unemployment rate for the youth is 15.3% as per 2011 Census. Of the 7 085 economically active people in the municipal area, 11.8% are unemployed. In the Hantam municipal area, 5 165 (or 38.2%) of the working age population was formally employed in 2017, compared to 5 224 (or 39.3%) in 2016 and 5 614 (or 37.4%) in 2001, i.e. a relative improvement in overall formal employment since

CHAPTER 1: EXECUTIVE SUMMARY



2001 but worsening in recent years. The number of unemployed persons (802) in the municipal area, in 2017, was more or less the same as in 2016 (746) and in 2001 (779).

d) Key economic sectors and employment by industry

Agriculture forms the backbone of the economy in the municipal area and this sector has the most employment opportunities. Despite the harsh climate and poor carrying capacity of the veld, it still offers opportunities for growth and employment creation. The municipal area is dependent upon the following main economic activities:

Industry	Northern Cape	Namakwa DM	Hantam
Agriculture, forestry and fishing	6.2%	4.5%	11.0%
Mining and quarrying	23.4%	34.9%	1.2%
Manufacturing	3.6%	2.2%	4.5%
Electricity, gas and water	2.1%	1.1%	3.4%
Construction	1.7%	2.4%	3.0%
Wholesale and retail trade, catering and accommodation	11.7%	9.5%	9.9%
Transport, storage and communication	10.2%	10.7%	10.8%
Finance, insurance, real estate and business services	15.3%	11.0%	23.1%
Community, social and personal services	10.7%	11.9%	11.4%
General government	15.1 %	11.8%	18.4%
TOTAL	100%	100%	100%

Table 9: Gross domestic product contribution of Hantam

The sectors that contributed the most to the municipal area are:

- Finance, insurance, real estate and business services
- General government
- Community, social and personal services
- Agriculture, forestry and fishing
- Transport, storage and communication

In terms of the Gross Domestic Product (GDP), the Municipality has a comparative advantage within the Namakwa District in the following sectors:

- Electricity, gas and water
- Agriculture, forestry and fishing
- Finance, insurance, real estate and business services



CHAPTER 1: EXECUTIVE SUMMARY

At present, economic development opportunities in the municipal area is based on the four main growth factors which follows.

e) Agriculture produce, practices and infrastructure

The Hantam area consists largely of non-arable, low potential grazing land and is ideally suited for sheep farming. Other than the flowers in spring and the pristine Karoo desert environment, there has been minor growth in most of the towns. Calvinia forms the heart of one of South Africa's largest wool-producing districts but the other towns have not developed further with the existing resources. Other recent economic activities include flower, bulbs and rooibos tea industries. Agriculture activities that can take place in Hantam, includes:

- ✿ Sheep farming for meat and wool
- ✿ Beneficiation plants of sheep farming (sheep skin and offal)
- ✿ Goat farming
- ✿ Game farming
- ✿ Farming of flower bulbs
- ✿ Rooibos tea production
- ✿ Seed potato production
- ✿ Lucerne and wheat production in Calvinia along riverbank

f) Mining

There are some mining activities in the area, which include salt and gypsum mining, but are not a labour-intensive opportunity. Some potential mining activities can include:

- ✿ Salt (around Brandvlei and Loeriesfontein)
- ✿ Gypsum (Around Brandvlei and Loeriesfontein)
- ✿ Ceramic clay (Calvinia)
- ✿ Quartzite, sandstone, silt and shale (Nieuwoudtville)

However, there is a number of limiting (structural) issues that could impact on the extent of growth in the area, i.e.

- ✿ The different towns in the area are small and lack the potential for strong local development momentum
- ✿ The tourism attractions do not draw large numbers of visitors
- ✿ There are no significant (new) development projects in the area attracting (new) investors or supply-chain additions
- ✿ Water supply limitations
- ✿ Climate change that will affect South Western Africa quite significantly, implying lower rainfall and some dampening of the current pattern of agricultural production
- ✿ Most of the Hantam's population are living in small, dispersed settlements and have limited transport capacity to travel the often-significant distances between urban centres

CHAPTER 1: EXECUTIVE SUMMARY



i) Tourism related opportunities

A significant economic factor is "flower" tourism that is based on Namaqualand's fantastic annual wildflower displays that cover regions in a kaleidoscope of colour each spring. Although it is distinctly seasonal, there are indications that in recent years the regional eco-tourism industry is diversifying with greater number of tourists arriving throughout the year. The potential lies in:

- Eco-tourism
- Adventure tourism
- Historical and cultural tourism (rich heritage of the Khoi San/Nama people)
- Agri-tourism (Rooibos tea route)

Tourism should be viewed as the main growth point for the region as it is the main driver behind boosting the money supply of marginalised towns.

1.2.3 Socio economic information

a) Socio economic profile

Total population	21 578 Census 11
Young (0-14)	27.5%
Working age (15-64)	64.3%
Elderly (65+)	8.3%
Dependency ratio	55.6
Sex ratio	100.4
Growth rate	0.59% (2001-2011)
Population density	1 persons/km ²
Unemployment rate	11.8%
Youth unemployment rate	15.3%
No schooling aged 20+	14.4%
Higher education aged 20+	8.1%
Matric aged 20+	18.8%
Number of households	6 340
Number of agricultural households	1 256
Average household size	3.2
Female-headed households	33.6%
Formal dwellings	96.9%
Housing owned/paying off	54%
Flush toilet connected to sewerage	53.7%
Weekly refuse removal	72.5%



CHAPTER 1: EXECUTIVE SUMMARY

Piped water inside dwelling	59.8%
Electricity for lighting	76.9%

Table 10: Socio economic profile

1.2.4 Municipal challenges

The following general challenges are experienced by the Municipality:

Challenges	Actions to address
Absence of Master plans and crucial strategies	Source funding and budget for drafting of Master Plans for Water, Electricity, Roads, etc. as well as crucial strategies
Municipality mainly dependent on grant funding to implement capital projects	Alternative ways of generating revenue to implement capital projects from own CRR funding
High unemployment rate and poverty levels throughout municipal area (pension/welfare payments are the only reliable source of income)	<ul style="list-style-type: none"> ✿ Promoting a conducive environment for economic growth and economic opportunities that can create sustainable job opportunities. ✿ Promote and support local SMMEs to become sustainable.
The number of indigent households - on average, more than 35% of all households in the municipal area	Creation of job opportunities
IDP projects identified by communities which are responsibility of sector departments. (e.g. Primary Health, Housing, Youth Development, Social challenges, Safety & Security, etc.)	Ongoing stakeholder engagements to facilitate identified IDP projects to relevant departments
Poor conditions of access roads to Middelpoort and Zwartkop	Grading/tarring of road by Department Public Works
Township establishment and poor living conditions - Middelpoort and Zwartkop	Department Rural Development to prioritise township establishment for Middelpoort and Zwartkop.
Payments of service accounts of sector departments	Ongoing engagements with relevant departments and implementation of debt collection policy
Hantam Kuier Fees as annual calendar event / tourism	Source funding from social contributions for hosting of festival annually
Support and assistance to local SMME's	<ul style="list-style-type: none"> ✿ Secure building/ office space to establish business hub in Calvinia to support SMMEs in Hantam to grow the economy ✿ Inclusion of clause in tenders to give preference to local SMME's
Outdated infrastructure	Replacement of outdated infrastructure over multi years
Outdated IT Infrastructure	Budget for upgrade of IT Infrastructure of whole Municipality
Old water and electricity meters	Upgrade water and electricity meters (SMART meters)
Waste management challenge (weighbridges, wheelie bins, recycling projects, etc.)	<ul style="list-style-type: none"> ✿ Source funding from Department Economic Development and Environment and Nature Conservation for implementation of recycling project, provision of weighbridges ✿ Inclusion of procurement of wheelie bins in multi-year budget
Wifi and cellphone reception	Liaise with investors and businesses in Hantam to help address challenge



CHAPTER 1: EXECUTIVE SUMMARY

Challenges	Actions to address
Availability of land for housing	Identify land for different land use in all towns in Hantam
Increasing housing backlog	Provision of houses and serviced sites by COGHSTA to applicants on National Housing Register
Lack of environmental management	District official to perform function

Table 11: Municipal challenges

1.3 SERVICE DELIVERY OVERVIEW

1.3.1 Introduction

The Municipality delivers the following basic services to its community:-

- Water
- Sanitation
- Electricity
- Refuse removal

Basic services	Actual performance
Water	100%
Sanitation	100%
Electricity	100%
Refuse removal	100%
Roads	Tar / Pave 1km and Gravel 86km

Table 12: Basic service delivery performance

Water:

The Municipality has been experiencing an extreme water crisis.

Hantam Municipality appointed ASLA Construction as contractor to construct a 30 km water pipeline from Rheeboekfontein to Loeriesfontein town. This pipeline supplied water to Loeriesfontein town in April 2018 and the project was completed in July 2018. The total cost for the Loeriesfontein project amounted R115 000 000. Loeriesfontein currently has water 24hrs a day.

Calvinia, Brandvlei and Nieuwoudtville have been experiencing drought since the 2017/18 financial year due to low rainfall. The municipality implemented water restrictions to better manage available water resources and raise awareness amongst residents to use water more sparingly. Hantam was declared as disaster area and drought relief funding was received from Department of Co-Operative Governance, Human Settlements and Traditional Affairs (CoGHSTA) to drill additional boreholes for Calvinia and Brandvlei. Drought relief funding was received from the Department of COGHSTA for the amount of R8,5 M. 25 Boreholes were drilled in Calvinia and 13 boreholes in Brandvlei of which 3 boreholes were connected with the Water Treatment Works and 1 borehole was connected with the Brandvlei Romanskolk pipeline.



CHAPTER 1: EXECUTIVE SUMMARY

BVI Consulting Engineers was appointed to conduct a feasibility study of water supply to Calvina from the Doornrivier in the Tankwa Karoo.

Hantam Municipality appoint JVZ Contractors to start construction of a 50 Km water pipeline from Romanskolk to Brandvlei.

Hantam Municipality remains under water restrictions due to abnormal low rainfall in its area of jurisdiction.

Sanitation:

The bucket system has been eradicated within the municipal area. There are no sanitation backlogs in the formal municipal area.

The Green Drop score of 52.44% indicates an improvement on previous assessments. Brandvlei WWTW is completed. Middelpos Waste Water Facility has been closed and waste water must be transported to Calvinia WWTW. The Middelpos oxidation ponds have been closed. This result in waste disposal to be done as requested to Calvinia.

Refuse removal:

The Municipality delivers solid waste services to the residents of Hantam Municipality. All residents receive the service once a week and a black bag system is being implemented for the removal of all solid waste. All households are responsible for their own black bags.

The Municipality has 4 landfill sites of which Calvinia, Brandvlei, Nieuwoudtville and Loeriesfontein have permit licenses. Middelpos landfill site has been closed and the waste is transported to Calvinia landfill site. Although these sites are fully functional, illegal dumping of waste in the municipal area remains a major challenge. To curb illegal dumping, it is recommended that Council consider a recycling program. The landfill sites are also too close to the communities and the fencing is being vandalised or stolen which results in papers and bags being blown all around the area. This results to additional costs to clean and manage the landfill sites. It is recommended to move the landfill sites to new areas, which should be identified. The Integrated Waste Management Plan is still valid for 2019 and it is recommended that Hantam Municipality together with Department Environmental Affairs and the District Municipality should source funding to review the Integrated Waste Management Plan.

Roads:

One of the major challenges experienced by the Municipality is the ongoing maintenance of potholes due to insufficient funds. Hantam Municipality have one grader and it remains a challenge to service all the gravel roads in the municipal area.

The MIG funding for the amount of R 5,472,291.70 was spent on upgrading of Church, Christiaan and Karee Street in Brandvlei which included paving of 1.4km road and construction of 660m stormwater in Church StreetChurch -, Kareeboom- and Christian street.



CHAPTER 1: EXECUTIVE SUMMARY

1.3.2 Basic service delivery highlights

Construction of streets



Picture:1 Brandvlei: Construction of paved streets



CHAPTER 1: EXECUTIVE SUMMARY

1.3.3 Basic service delivery challenges

The following general challenges are experienced by the Municipality with regards to basic service delivery:

Service	Challenges
Lack of Infrastructure	
Municipality infrastructure	Lack of funding for Master Plans (e.g. water, electricity, roads, etc.)
Water provision	<ul style="list-style-type: none"> • Replacement of old, faulty water meters • Replace old meters with SMART prepaid meters • Implementation of water restrictions • Disaster declaration • Low rainfall
Reduction of losses	
Reduction of electricity losses	<ul style="list-style-type: none"> • Funding is required to replace old meters with SMART meters • Bypass of electrical meters
Reduction of water losses	Funding is required to replace old meters with SMART meters
Roads	
Aging tar roads	<ul style="list-style-type: none"> • Poor conditions of roads to Middlepos and Zwartkop
Gravel roads	<ul style="list-style-type: none"> • Potholes
Housing	
Backlogs	<ul style="list-style-type: none"> • Increasing need for housing in all towns • Provision of serviced sites for housing development
Sanitation and Solid waste	
Sanitation	<ul style="list-style-type: none"> • Cleaning of ventilated improve pit (VIP) remains a problem in Middlepos, Nieuwoudtville & Brandvlei. These systems have an unpleasant smell and people do not want to clean their own VIP • The municipality is situated in a water scarce region therefore flush toilets are not an option in this stage. We are working together with DWS to monitor water sources and to eradicate VIP in the future and introduce water-borne toilets
Solid Waste	<ul style="list-style-type: none"> • Shortage of permanent staff in Solid Waste Services • Vandalism and theft at the landfill sites • Illegal dumping • Funding to implement recycling project • Storage of refuse in Middlepos for transportation to landfill site in Calvinia

Table 13: Basic services delivery challenges



CHAPTER 1: EXECUTIVE SUMMARY

1.3.3 Proportion of households with access to minimum level of basic services

The table below shows the total of households that do have access to the minimum levels of basic services

Level of services	2017/18		2018/19	
	No of households	%	No of households	%
Electricity service connections	2433	100	2456	100
Water - available within 200 m from dwelling	4614	100	4645	100
Sanitation - Households with at least VIP service	4614	100	4645	100
Waste collection - kerbside collection once a week	4614	100	4645	100

Table 14: Households with minimum level of basic services

1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 Introduction

The last financial years were years of growth in the financial accountability of the Municipality and a qualified audit was achieved for the 2018/19 financial year.

Some aspects are matters of concerns regarding the financial viability of the Municipality, of which liquidity is the most important. The debtors are growing at an alarming rate and the indigent households in the Municipality have grown. The liquidity puts the service delivery at risk and result in low maintenance levels. The Municipality is reliant on grants to finance expenditure due to the limited revenue raising capacity. The equitable share stayed consistant over the past 3 years. This creates pressure on the Municipality due to inflation increases annually and the increase in the indigent population.

1.4.2 Financial viability highlights

The following highlights were achieved by the Municipality:

Highlights	Description
Annual Financial Statements (AFS)	Completed the AFS internally for 2019 and submitted the statements to the Auditor General (AG) by the legislative deadline
Budget related Policies	All budget related policies were approved by council at legislative deadline
Standard Operating Procedures (SOP'S)	Standard operating procedures were implemented for Revenue Expenditure and Supply Chain Management

Table 15: Financial viability highlights



CHAPTER 1: EXECUTIVE SUMMARY

1.4.3 Financial viability challenges

The following general challenges are experienced by the Municipality:

Section	Challenges
Non-payment	
Poor payment	<ul style="list-style-type: none"> • Non-payment of service accounts by economic active consumers lead to cash flow challenges • Correct register of indigent households to ensure correct equitable share allocation
mSCOA and Generally Recognised Accounting Practices (GRAP)	
mSCOA	Implementation of mSCOA as a whole
GRAP	Capacity of staff to implement and apply GRAP standards

Table 16: Financial viability challenges

1.4.4 Financial overview

The table below shows the financial overview of the Municipality:

Details	Original budget	Adjustment budget	Actual
	R'000		
Income	69 714	70 488	63 259
Grants (operational)	27 213	27 213	27 213
Taxes, levies and tariffs	61 861	61 902	49 682
Other	7 853	8 586	13 577
Less: Expenditure	115 663	115 992	113 394
Plus: Grants (capital)	61 837	64 617	64 183
Net surplus/(deficit)	112 815	116 814	104 954

Table 17: Financial overview

1.4.5 Total capital expenditure

The table below shows the total capital expenditure for the last two financial years:

Detail	2017/18	2018/19
	(R'000)	
Original budget	75 577	63 498
Adjustment budget	99 327	62 875
Actual	96 819	42 505

Table 18: Total capital expenditure



CHAPTER 1: EXECUTIVE SUMMARY

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 Municipal transformation and organisational development highlights

The following highlights were achieved by the Municipality regarding municipal transformation and organisational development:

Highlights	Description
Workplace skills Plan	The workplace Skills Plan was submitted to the local Government Sector Education Training Authority (LGSETA) on 30 April 2019
Employment Equity committee	Employment equity Committee were established
Employment Equity Plan/Statutory Senior Management position	Employment Equity Report and appointment of Statutory Senior Manager responsible for Employment Equity was submitted to Department of Labour on 28 June 2019

Table 19: Municipal transformation and organisational development highlights

1.5.2 Municipal transformation and organisational development challenges

The following general challenges are experienced by the Municipality regarding municipal transformation and organisational development:

Section	Challenges
Human Resource (HR) Management	
Implementation of occupational Health and Safety	Compilation of draft Occupational Health and Safety Policy to be adopted by Council
Draft and implementation of Employment Equity Policy	Adoption of Employment Equity Policy
Vacant Positions	Budget constraints and remoteness of Hantam to absorb skills from outside the borders of Hantam municipality
Record Management	
Limited space for records and Management tool to manage the archive system	Budget constraints
Administration: Town Planning	
Township establishment	Township establishment for Middelpos and Zwartkop
Council Secretarial Services	
Outdated Council infrastructure	Budget constraints but will be addressed within the 2019/20 financial year
Housing	
Housing needs in all wards	Increasing need from communities for housing
Switchboard/Customer Care	
Customer Care Post/Vacant Switchboard	Post will be filled within new financial year (2019/20)

Table 20: Municipal transformation and organisational development challenges



CHAPTER 1: EXECUTIVE SUMMARY

1.5.3 MFMA competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

In order to assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted to 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency attainment levels amongst financial and supply chain management officials as required by the regulation:

Description	Total number of officials employed by Municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	0	1	0
Senior managers	1	1	1	1
Any other financial officials	20	4	0	4
Supply chain management officials				
Heads of supply chain management units	1	0	0	0
Supply chain management senior managers	0	0	0	0
TOTAL	24	6	3	3

Table 21: *Financial competency development: Progress report*

1.6 AUDITOR-GENERAL REPORT

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public



CHAPTER 1: EXECUTIVE SUMMARY

money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated
- **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
- **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

1.6.1 Audited outcomes

The table below illustrates the audit outcomes for the past two financial years for the Municipality:

Year	2015/16	2016/17	2017/18	2018/19
Status	Qualified	Qualified	Qualified	Will be updated once audit has been finalised

Table 22: Audit outcomes



CHAPTER 2: GOVERNANCE

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance comprises of 8 major characteristics: it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are considered and that the voices of the most vulnerable in society are heard in decision-making. It is responsive to the present and future needs of society.

a) *Highlights - Good governance and public participation*

The following highlights have been achieved by the municipality with regards to good governance and public participation:

Highlights	Description
Hantam IDP Representative Forum	Two meetings were held during the 2018/19 financial year
Namakwa IDP Representative Forum	Two meetings were attended by the Municipal Manager and Head: IDP/LED respectively during 2018/19
Hantam IGR Forum	The IGR Forum was established with its first meeting held during March 2019 and the second one during June 2019. A total number of two meetings were held during 2018/19
IDP & Budget Public Participation	All meetings were successfully held in the respective wards with the exception of one meeting during September 2018 in ward 5
Monthly feedback meetings	Monthly feedback meetings were held during July and August 2018 in all respective wards
Council meets the people	Council meets the people engagements were held within all five wards of Hantam on a rotation basis after a Council Meeting
Facebook notifications	Notices and relevant information were posted on a regular basis on the Hantam Facebook page to keep communities informed
Ward Committee meetings	Monthly ward committee meetings were held in all wards except ward 5 where ward committee was dissolved by Council during May 2018

Table 23: *Good governance and public participation performance highlights*

b) *Challenges - Good governance and public participation*

The following general challenges are experienced by the municipality with regards to municipal good governance and public participation:

Description	Actions to address
Establishment of ward committee – ward 5	A new ward committee will be elected after the election of a new ward councillor for Ward 5 during August 2019.
Regular Public participation meetings in Middelpos and Zwartkop	Upgrading of access roads to Middelpos and Zwartkop.



CHAPTER 2: GOVERNANCE

Description	Actions to address
Administration attending ward committee meetings	Appointment of Clerk: IDP/LED to address capacity challenge.

Table 24: Good governance and public participation challenges

2.1 POLITICAL GOVERNANCE STRUCTURE

Section 151(3) of the Constitution states that the Council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community. Council as political governance, performs both legislative and executive functions. Council focuses on decision-making to formulate policy and to play an oversight and participatory role.

The legislative function of the Council is vested within the full Council with the Mayor/Speaker as its chairperson. Council also established Section 80 Committees within specific functional areas of the municipality.

The Audit and Performance Audit committee is an independent advisory body that advises the municipal Council, political office-bearers, Accounting Officer and management staff of the Municipality on financial control, risk management, accounting policies, performance management and effective governance.

The Municipal Public Account Committee (MPAC) fulfils the duty of an oversight committee, and comprises of non-executive Councillors, with the specific purpose of providing Council with comments and recommendations on the annual report. The Oversight Committee's report is published separately in accordance with MFMA guidelines. The MPAC investigates fruitless, wasteful and unauthorised expenditure and makes recommendations to Council.

Apart from their functions as policy makers, Councillors are actively involved in community work and the various social programmes in the municipal area.

2.1.1 Council

Hantam's Municipal Council constitute of 9 councillors (ward and proportional representatives (PR)). The ANC has five Councillors and the DA four Councillors. The Municipality has a plenary Council.

Below is a table that categorises the Councillors within their specific political parties and wards after the municipal elections held in 03 August 2016 and for the year under review:

Ward	Councillor	Political Party	Ward/PR	Male/female
PR	R. Swartz	ANC	PR-Mayor	Male
Ward 1	K. Alexander	ANC	Ward Councillor	Male
Ward 2	H. de Wee	ANC	Ward Councillor	Male
Ward 3	F. Sterkse	ANC	Ward Councillor	Male
Ward 4	J. Steenkamp	DA	Ward Councillor	Female

CHAPTER 2: GOVERNANCE



Ward	Councillor	Political Party	Ward/PR	Male/female
Ward 5	G. Opperman	DA	Ward Councillor	Female
PR	A. Claassen	DA	PR Councillor	Male
PR	G. Gous	ANC	PR Councillor	Female
PR	H. Steenkamp	DA	PR Councillor	Female

Table 25: Council

Below is a table which indicates Council meeting attendance for the 2018/19 financial year:

Meeting dates	Number of items submitted	Percentage Council meeting attendance	Percentage apologies for non-attendance
17 July 2018	49	89%	11%
02 August 2018	10	78%	22%
30 August 2018	32	89%	11%
12 September 2018	9	89%	11%
27 September 2018	12	89%	11%
22 October 2018	5	89%	11%
30 October 2018	20	78%	22%
09 November 2018	4	89%	11%
22 November 2018	7	89%	11%
28 November 2018	15	56%	44%
29 January 2019	31	100%	0
28 February 2019	24	78%	22%
28 March 2019	25	100%	0
30 April 2019	17	100%	0

Table 26: Council meetings

2.1.2 Council committees

The following committees are established:

Committees	Councillors	Meeting dates	Attendance
Budget and Treasury	R. Swartz (Chairperson)	No meeting	n/a
	K. Alexander		
	J. Steenkamp		
Institutional	K. Alexander (Chairperson)		n/a



CHAPTER 2: GOVERNANCE

Committees	Councillors	Meeting dates	Attendance
	H.C. Steenkamp	No meeting	
	H. de Wee		
Infrastructure	H. De Wee (Chairperson)	No meeting	n/a
	G. Opperman		
	F. Sterkse		
Social	G. Gous (Chairperson)	21 August 2018 17 May 2019	3 2
	K. Alexander		
	A. Claassen		
Rules / Ethics	K. Alexander	No meeting held	n/a
	H. Steenkamp		
	H. De Wee		
Petitions and Community Liaison	G. Gous	No meeting held	n/a
	J. Steenkamp		
	F.J. Sterkse		
Local Labour Forum	F. Sterkse (Chariperson)	14 August 2018 12 September 2018 25 March 2019	5 5 5
	H. De Wee		
	Municipal Manager		
	Director Finance and Corporate Services		
Municipal Public Accounts (MPAC)	F. Sterkse (Chairperson)	05 July 2018 21 Aug 2018 01 October 2018 25 March 2019 17 May 2019	2 3 3 4 3
	H. De Wee		
	J. Steenkamp		

Table 27: Council Committees meetings

2.1.3 Political decision-taking

Section 53 of the Municipal Systems Act (MSA)(Act 32 of 2000) stipulates inter alia that the respective roles and areas of responsibility of each political structure and political once bearer of the municipality and of the municipal manager must be defined. The section below is based on the Section 53 role clarification that was approved at the Council meeting of **18 August 2016**.



CHAPTER 2: GOVERNANCE

Municipal Council

- Governs by making and administrating laws, raising taxes and taking decisions that affect people's rights
- Tax authority that may raise property taxes and service levies
- Primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political once bearers, individual councillors or officials
- Delegate responsibilities and duties for the purposes of fast and effective decision making
- Strive towards the constitutional objects of local government
- Consult the community with respect to local government matters
- Only decision maker on non-delegated matters such as the approval of the Integrated Development Plan (IDP) and budget

Executive Mayor

- Executive and political leader of the Municipality and is in this capacity supported by the mayoral committee
- Social and ceremonial head of the Municipality
- Identify the needs of the Municipality and must evaluate progress against key performance indicators
- The defender of the public's right to be heard
- Responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters
- Performs the duties and exercise the responsibilities that were delegated to him by the Council

The table below provide an analysis of the council resolutions taken and implemented during the year:

Number of council resolutions taken during the year	Number of council resolutions implemented during the year	Number of council resolutions not implemented during the year
202	202	0
% of resolutions implemented		100%

Table 28: Implementation of council resolutions

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

By law, a municipal manager is the head of administration, as well as the accounting officer. The municipal manager has extensive statutory and delegated powers and duties, as well as powers and duties that can be inferred from such statutory and delegated powers and duties.

A municipal manager is, amongst others, responsible:

- for the formation and development of an economical, effective, efficient and accountable administration;
- to ensure that the municipal "machine" operates efficiently, that the organisational structure is able to perform the various tasks and exercise the necessary controls;



CHAPTER 2: GOVERNANCE

- to fulfil a leadership role in the administration; this is of utmost importance to influence the actions of staff and to inspire and persuade them to work together to realise the Municipality's goals;
- for the implementation of the Municipality's IDP, and the monitoring of progress with implementation of the plan; and
- for the financial responsibilities as accounting officer as determined by the MFMA.

The Municipal Manager is the chief adviser of the Municipality and must advise the political structures and political office-bearers of the Municipality. The Municipal Manager must see to the execution of the decisions of the political structures and political office-bearers of the Municipality.

The Municipal Manager must facilitate participation by the local community in the affairs of the Municipality and must also develop and maintain a system whereby community satisfaction with municipal services is assessed.

He is assisted by his executive management team, whose structure is outlined in the table below:

Name of official	Department	Performance agreement signed (Yes/No)
W Jonker	Finance and Corporate Services	Yes
R Van Wyk	Technical and Community Services	Yes

Table 29: Administrative governance structure



CHAPTER 2: GOVERNANCE

COMPONENT B: INTERGOVERNMENTAL RELATIONS

It is the intention of the HM Administration and Council to ensure that the community derives maximum benefit from its participation in intergovernmental forums and meetings.

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

The following Technical IGR meetings were attended by the Municipal Manager:

- Namakwa District IGR Forum

2.3.1 Intergovernmental structures

To adhere to the principles of the Constitution the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements and topics discussed
IGR District Forum	District Municipality; GOGHSTA Regional Office; Mayors and Municipal Managers other sector departments	District based initiatives
IDP/Local Economic Development (LED) Managers Forum	South African Local Government Association (SALGA) and LED/IDP officials	Provincial and district based initiatives
HR Practitioner's Forum	SALGA and HR Practitioners	Provincial based initiatives
Governance and Intergovernmental Relations Forum	SALGA and Councillors	Provincial based Initiatives
Community Development Working Group	SALGA and Director: Community Development	Provincial based initiatives
SALGA Northern Cape Governance Structure	Councillors and SALGA	Provincial based initiatives
Project Management Services Working Group	GOGHSTA and neighbouring municipalities	District based initiatives
Quarterly Budget Engagements	Northern Cape Provincial Treasury; Finance & IDP/PMS officials	Provincial based initiatives
District IDP Repforum	District Municipality; GOGHSTA Regional Office; IDP/LED Officials other sector departments	District based initiatives
IDP Assessments Engagements	District Municipality; GOGHSTA Regional Office; IDP/LED Officials other sector departments	Provincial and Regional based initiatives



CHAPTER 2: GOVERNANCE

Annual Report Assessments Engagement	GOGHSTA and neighbouring municipalities	Provincial and Regional based initiatives
--------------------------------------	---	---

Table 30: Inter-governmental structures

2.3.2 Joint projects and functions with sector departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The Municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of project/ function	Expected outcome/s of the project	Sector department/s involved
Inform & empower the community of their rights	Police station, Clinics, Schools, Business premises	
How to use your freedom responsibility	Public places	
Working together to uplift our community	Community hall	
Develop the youth to be responsible	Hantam hostel	
Upgrade the circumstances of the elderly	Identify houses	
Acknowledge the role of women in our society	Community centre	
Acknowledge who you are and where you come from	Hantam sport grounds	
Knowing your neighbours	Identify streets	
Focus on the elderly and disabled	Old age homes	
16 Days of Activism	Workplaces, Public houses, Roadblock	
AIDS / TB House-to-house visits and talks at schools	All	
Distribution of condoms at strategic points	All	
Radio talks on various health matters	All	
Clinic meetings	All	
Brandvlei Intermediate School (primary)	Major repairs and renovations to hostel and school	Police, IEC, Health, Labour NGO's, Education, Traffic, Correctional Services
Hantam Primary School	Construction of a large administration block	
Hantam Primary School – relocated from Klipfontein Primary School	Construction of a large ablution block	
Hantam Secondary School	Repairs and renovations to school	
Hantam Secondary School	Refurbishment of school infrastructure	
Hantam Secondary School	Drilling and use of new borehole	
Calvinia High School	Upgrade to electricity supply to hostel	



CHAPTER 2: GOVERNANCE

Name of project/ function	Expected outcome/s of the project	Sector department/s involved
Calvinia High School	Supply, delivery and installation of welded mesh fence (at hostel)	
Calvinia High School	Supply, delivery and installation of welded mesh fence	
Calvinia High School	Drilling and use of new borehole	
Brandvlei Primary School (High School)	Construction of a two classroom block, a large administration block, a large ablution block and old toilets into a media centre	Department of Health
Brandvlei Primary School (High School)	Repairs and renovations to school	
Calvinia Primary School	Supply, delivery and installation of welded mesh fence	
Calvinia Primary School	Water tower to be demolished	
Loeriesfontein High School	Repairs and renovations to school and hostel	
Loeriesfontein High School	Drilling and use of new borehole	
Loeriesfontein Primary School	Supply, delivery and installation of welded mesh fence	Department of Education
Loeriesfontein Primary School	Drilling and use of new borehole	
Primary School Protea	Repairs and renovations to school	
Safety awareness	Support with drafting of ITP of Hantam Municipality	
	Safety Promotion programme for Calvinia	
	Anti-Substance Abuse programme in Calvinia	Transport, Safety & Liaison
	Prevention of Violence Against Women programme for Calvinia	

Table 31: Joint projects and functions with sector departments

COMPONENT C: PUBLIC ACCOUNTABILITY

MSA Section 15(b): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16(i): states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(i)(d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Such participation is required in terms of:

- the preparation, implementation and review of the IDP;



CHAPTER 2: GOVERNANCE

- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

2.4 PUBLIC MEETINGS

Accountability and community participation were enhanced by engagements through the following media:-

- Messages on municipal accounts
- Community radio: Radio Kaboesna and Radio Namaqualand
- Local Newspaper: Die Noordwester
- Pamphlets at houses
- Posters on strategic places in towns
- Loud hailing
- Facebook page notices
- Community Development Workers (COGTA)
- E-mails to Ward Committee Chairpersons

The table below shows the different public meetings for the 2018/19 financial years:

Nature and purpose of meeting	Date of events	Number of participating municipal councillors	Number of participating municipal administrators	Number of community members attending
IDP	27 September 2018	4	6	11
	18 January 2019	4	3	8
Annual IDP and Budget	17, 18, 19, 20 and 26 September and 10 October 2018	5	29	187
	15, 17, 23 April 2019	5	17	139
IGR Forum	27 March 2019	3	5	12
	21 June 2019	5	5	23
Monthly Feedback	06 August 2018	3	25	61
	13 August 2018	0	8	59
Council meets the people	30 August 2018	6	10	67
	30 October 2018	7	9	68
	28 November 2018	5	6	39

Table 32: Public meetings



CHAPTER 2: GOVERNANCE



Picture:2 Public meeting: Calvinia



Picture:3 Public meeting Brandvlei



Picture:4 Public meeting Loeriesfontein

CHAPTER 2: GOVERNANCE



Picture:5 Public meeting Nieuwoudtville

2.4.1 Ward committees

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to Council. These committees play a very important role in the development and annual revision of the IDP of the area.

Ward committees support the ward councillor who receives reports on development, participates in development planning processes and facilitates wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

The table below provides information of the ward committee meetings held during the 2018/19 financial year:

CHAPTER 2: GOVERNANCE



Ward	Town	Number of meetings	Dates of meetings	Number of Councillors attended	Number of municipal administrators attended	Number of community members attended
1	Calvinia	12	19 July 2018	2	1	10
			05 August 2018	2	1	10
			13 September 2018	2	0	10
			21 October 2018	2	0	10
			07 November 2018	2	1	10
			10 December 2018	1	0	10
			20 January 2019	2	1	9
			19 February 2019	2	2	9
			19 March 2019	2	2	9
			09 April 2019	2	1	10
			16 May 2019	2	1	10
			18 June 2019	2	1	10
2	Calvinia	12	12 July 2018	0	0	6
			20 August 2018	0	1	7
			13 September 2018	0	0	8
			02 October 2018	1	0	8
			14 November 2018	1	0	8
			04 December 2018	1	0	6
			21 January 2019	1	1	8
			28 February 2019	1	3	6
			28 March 2019	1	1	5
			15 April 2019	1	1	7
			30 May 2019	1	0	7
			25 June 2019	1	0	5
3	Brndvlei	12	12 July 2018	1	0	9
			15 August 2018	1	0	10
			18 September 2018	1	0	10
			15 October 2018	1	0	10
			12 November 2018	1	0	10
			06 December 2018	0	0	10
			08 January 2019	1	0	10
			05 February 2019	1	0	9
			04 March 2019	0	0	10
			09 April 2019	0	0	10

CHAPTER 2: GOVERNANCE



Ward	Town	Number of meetings	Dates of meetings	Number of Councillors attended	Number of municipal administrators attended	Number of community members attended
			14 May 2019	1	0	9
			06 June 2019	1	0	9
4	Nieuwoudtville	12	12 July 2018	0	1	6
			13 August 2018	0	0	7
			11 September 2018	0	1	8
			08 October 2018	1	1	9
			19 November 2018	1	1	5
			10 December 2018	1	0	6
			14 January 2019	1	1	7
			11 February 2019	1	1	7
			18 March 2019	1	0	7
			08 April 2019	1	1	6
			13 May 2019	0	0	6
			11 June 2019	1	1	6
5	Loeriesfontein	0	Ward committee dissolved by Council and community refused to have a new committee elected when COGHSTA tried to facilitate the process.			

Table 33: Ward committee meetings

2.4.2 Functionality of ward committees

The table below provides information on the composition and functionality of ward committees as follows:

- Ward committee meetings held during the year include scheduled meetings between Ward Councillors and committee members, including IDP/Ward Committee engagements as part of the IDP process for the 2017/18 planning year. Currently the number of ward committee meetings are limited in order to align ward committee meetings to the council resolution of a minimum of four meetings per financial year
- Number of reports does not include IDP/Ward committee engagements for which specific reports are reflected in the IDP minutes
- Functionality of ward committees is determined by the active engagements of ward committees with communities on public platforms and direct interactive sessions to improve or create better communities.

Ward number	Committee established: Yes / No	Number of reports submitted to the speaker's/ IDP office
1	Yes	12
2	Yes	12
3	Yes	12
4	Yes	12



CHAPTER 2: GOVERNANCE

Ward number	Committee established: Yes / No	Number of reports submitted to the speaker's/ IDP office
5	No	0

Table 34: Functioning of ward committees

2.4.3 IDP participation and alignment criteria

The MSA requires that local government structures prepare IDP's. The IDP serves as a tool for the facilitation and management of development within the municipal area. The function for the preparation of the IDP is under the Office of the Municipal Manager and the authority for the preparation of the IDP is delegated to an official. In terms of the alignment of the IDP, there is still challenges that will be addressed in the new financial year.

IDP participation and alignment Criteria	Yes/No
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

Table 35: IDP participation and alignment criteria

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes relationships among many stakeholders involved and the goals by which the institution is governed.

2.5 RISK MANAGEMENT

Risk management is a systematic and formalised process instituted by the Municipality to identify, assess, manage, monitor and report risks ensuring the achievement of objectives. In terms of Section 62(1)(c)(i) and Section 95(c)(i) of the MFMA, No. 56 of 2003, it requires the accounting officer to ensure that the municipality and municipal entities, if any, have and maintain effective, efficient and transparent systems of risk management. The main reason for risk management is that the service delivery environment and the public sector's interface with stakeholders have become far more demanding and volatile than before.

The objective of the Risk Management Policy is to assist management and Council to make informed decisions which will:

- Improve the Municipality's performance on decision making and planning



CHAPTER 2: GOVERNANCE

- Provide a sound basis for integrated risk management and internal control as components of good corporate governance
- Assist management in ensuring more effective reporting and compliance with applicable laws, regulations and other corporate governance requirements
- Foster a culture of good governance, ethical conduct, discourage inefficiencies and counter fraud and corruption

Historical ways of doing things are no longer effective as evidenced by several service delivery and general failures.

Benefits from risk management are:

- more efficient, reliable and cost effective delivery of services;
- minimised waste and fraud; and
- more reliable decision making

2.5.1 Top six risks

The top 6 risks of the Municipality for the 2018/19 financial year are the following:

- Scarce water resources
- Outstanding debtors
- Liquidity
- High electricity and water losses
- Outdated Information Technology (IT) infrastructure
- Occurrence of irregular and fruitless expenditure

2.5.2 Action plan to address the top six risks

The table below provide the actions implemented/that will be implemented to address the top five risks:

Risk	Action implementation
Scarce water resources	<ul style="list-style-type: none">• Boreholes were completed and in use• Water restrictions are in place maintaining risk
Outstanding debtors	<ul style="list-style-type: none">• Debt Committee established to tackle all outstanding debt issued (monthly meetings)• Service provider was appointed to collect outstanding debt
Liquidity	Department Transport Safety and Liaison will be consulted to condone debt owed R15 million
High electricity and water losses	<ul style="list-style-type: none">• Risks are being maintained• Long-term solution smart meter installation(sec32)
Outdated Information Technology (IT) infrastructure	Ongoing improvement of IT infrastructure as funds is available
Occurrence of irregular and fruitless expenditure	<ul style="list-style-type: none">• Expenditure is identified and tabled at Council and referred to MPAC



CHAPTER 2: GOVERNANCE

Risk	Action implementation
	☐ or investigation to determine recoverability.

Table 36: Action plan to address the top five risks

2.5.2 Approved risk policies and strategies

Name of strategy / policy	Developed Yes/No	Date adopted/reviewed
Risk Management Policy	Yes	28 March 2017
Risk Management Implementation Plan	Yes	30 August 2017

Table 37: Approved risk policies and strategies

2.6 ANTI-CORRUPTION AND ANTI-FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

2.6.1 Developed strategies

The table below indicates the strategy developed to combat fraud and corruption in the Municipality:

Name of strategy	Developed Yes/No	Date adopted/reviewed
Combating the abuse of SCM Regulations	Yes	July 2015
Fraud Prevention Plan	Yes	22 May 2018

Table 38: Strategies

2.7 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body which must:

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- ☐ internal financial control;
- ☐ risk management;
- ☐ performance management; and
- ☐ effective governance.

CHAPTER 2: GOVERNANCE



2.7.1 Functions of the Audit Committee

The Audit Committee has the following main functions as prescribed in Section 166(2)(a-e) of the MFMA, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise council on all matters related to compliance and effective governance
- To review the annual financial statements to provide council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation
- Respond to council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by internal audit
- To evaluate audit reports pertaining to financial, administrative and technical systems
- To review the performance management system and make recommendations in this regard to council
- To identify major risks to which council is exposed and determine the extent to which risks have been minimised
- Review the plans of the internal audit function and in so doing, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Provide support to the internal audit function
- Ensure that no restrictions or limitations are placed on the internal audit section
- Evaluate the activities of the internal audit function in terms of their role as prescribed by legislation

2.7.2 Members of the Audit Committee

The table below indicates the members that serve on the Audit Committee and the dates of meetings held:

Name of representative	Capacity	Meeting dates
F Rootman	Chairperson: 1 July 2018 – 31 December 2018	27 August 2018 4 December 2018 20 March 2019 13 June 2019
E van Wyk	Member	
A Titus	Member	
	Interim Chairperson: 1 January 2019 – 30 June 2019	

Table 39: Members of the AC

2.8 PERFORMANCE AUDIT COMMITTEE

The Regulations require that a PAC is comprised of a minimum of three members. Section 14(2)(b) of the Regulations further stipulates that the PAC must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate a member of the PAC who is neither a councillor nor an employee of the municipality as the chairperson of the committee.



CHAPTER 2: GOVERNANCE

Section 14(3)(a) of the Regulations requires that the PAC of a municipality must meet at least twice during each financial year. However, additional special meetings of the PAC may be called for by any member of the committee, where sufficient justification exists in terms of Section 14(3)(b) of the Regulations.

2.8.1 Functions of the Performance Audit Committee

In terms of Section 14(4)(a) of the Regulations the PAC has the responsibility to:

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
- at least twice during each financial year submit a performance audit report to the council of the municipality.

2.8.2 Members of the Performance Audit Committee

The functions of the PAC are fulfilled by the Audit Committee.

2.9 INTERNAL AUDITING

Section 165(2)(a)(b) and (c) of the MFMA requires that:

The internal audit unit of a municipality must:

- (a) Prepare a risk-based audit plan and an internal audit program for each financial year
- (b) Advise the accounting officer and report to the AC on the implementation of the internal audit plan and matters relating to:
 - (i) Internal audit;
 - (ii) internal controls;
 - (iii) accounting procedures and practices;
 - (iv) risk and risk management;
 - (v) performance management;
 - (vi) loss control; and
 - (vii) compliance with this act, the annual DoRA and any other applicable legislation
- (c) Perform such other duties as may be assigned to it by the accounting officer

2.9.1 Risk register and three-year strategic plan



CHAPTER 2: GOVERNANCE

A risk assessment was performed by the provincial department's risk management team. The Risk-Based Audit Plan (RBAP) was approved by the Audit Committee on 27 June 2018 and final approval with the audit committee amemndements 27 August 2018 for the 2018/19 financial year.

2.9.2 RBAP

The RBAP for 2018/19 was executed based on the above approach and methodology. The following auditable areas of the plan was audited during the financial year:

- 2018/2019 IDP/Budget Statutory Review
- IDP/Budget process plan quarterly reviews
- Division of Revenue Act (DoRA) and quarterly reviews
- Performance Management quarterly reviews (SDBIP)
- Fleet Management Review
- Risk Management quarterly follow-ups
- Audit action plan

2.10 SCM

Section 110-119 of the SCM Regulations 2005 and relevant MFMA circulars, stipulate the required processes and guidance to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimise opportunities for fraud and corruption.

The Municipality's SCM Policy was reviewed and approved by Council on 20 June 2017.

Reports on the implementation of the SCM Policy are submitted monthly to the Accounting Officer. These reports are tabled in special Council meetings.

The procurement processes consists of the following components:-

- Contract management – Completed by the respective department, depending on the type of service that is requested
- Advertising – Formal quotations (R30 001 to R 199 999) are advertised on the notice boards and website of the Municipality for seven days and formal tenders are advertised for three weeks on the website and in the local newspapers as contemplated in the SCM Regulations
- Specification – The Municipality appointed the Accountant SCM as a standing member of the Bid Specification Committee. The other members of the Bid Specification Committee is appointed on an ad hoc basis, depending on the scope of work required.
- Evaluation – The evaluation of formal quotations and tenders are done on the respective principles of 80/20 and 90/10 (as prescribed in the Preferential Procurement Policy Framework Act 5 of 2000 and the Preferential



CHAPTER 2: GOVERNANCE

Procurement Regulation, 2017), depending on the type of services that was requested. The report of such evaluation is forwarded to the Adjudication Committee with a recommendation.

- Adjudication – This committee accepts the proposals of above standing committees or refer the proposal and report back to the Evaluation Committee if additional information is needed regarding the proposed contractor

2.15.1 Highlights: SCM

The table below specifies the highlights for the year:

Highlights	Description
New Intern	An intern was appointed in the SCM unit and learning fast.
Contract Management	Contracts for each Tender were compiled, filed and monitored by our Legal Department
CSD Registration	The public was informed on a regular basis on the CSD and Hantam has established a SMME database to uplift local contractors.
Bid Adjudication committee functionality	Meetings held as new tenders are advertised and awarded
Evaluation committee functionality	Meetings held as new tenders are advertised and awarded
Specifications committee functionality	Was established in 2018/19 and members differs as per specifications of each tender. Standing member is Accountant Supply Chain.
Preference to local SMME	All tenders include a 30% subcontracting should be spent locally Inclusion in specifications for contracts??

Table 40: **Highlights: SCM**

2.15.2 Challenges: Supply Chain Management

The table below specifies the challenges for the year:

Description	Actions to address
Capacity within SCM unit (understaffed)	Appointment of a Senior Clerk: Supply Chain Management and Clerk: SCM. Position should be budgeted for with the adjustment budget for the position to be filled soonest.
SCM Awareness (all staff not informed on processes and procedures)	That the processes, SCM Policy and the SCM Regulations of the SCM unit be workshopped with the officials of Hantam Municipality.
Deviations in terms of sole suppliers due to geographic distances in rural municipalities	Yearly tenders are advertised to curb irregular expenditure and deviations

Table 41: **Challenges: Supply Chain Management**



CHAPTER 2: GOVERNANCE

2.11 BY-LAWS AND POLICIES

Section 11 of the MSA gives municipal councils the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/revised	Date adopted	Public participation conducted prior to adoption of policy(Yes/No)	Resolution number
Commonage Policy	17 July 2018	Yes	R14/07-18
Draft Cost Containment Policy	17 July 2018	Yes	R17/07-18
Asset Management and Cash and Investment Management Policy	17 July 2018	Yes	R18/07-18
ICT Data and Systems Security Policy	17 July 2018	Yes	R23/07-18
IT Risk Management Policy	17 July 2018	Yes	R14/07-18
Records Policy	17 July 2018	Yes	R17/07-18
Policy on the Appointment of an Acting Municipal Manager	30 August 2018	Yes	R18/07-18
Disciplinary Procedure(s) for Councillors	02 August 2018	Yes	Sr05/08-18
Housing Selection Policy	22 November 2018	Yes	Sr04/11-18
Amendments to Credit Control and Debt Collection Policy 2018/2019	29 January 2019	Yes	23/01-19
Draft Budget Policies 2019/2020	28 March 2019	Yes	R07/03-19
Overtime Policy	28 March 2019	Yes	R19/03-19
Hantam Expanded Public Works Program (EPWP) Policy and Recruitment Guidelines	28 March 2019	Yes	R23/03-19
Final Annual Financial/Budget Policies 2019/2020	30 May 2019	Yes	R18/05-19
Risk Management Policy"	27 June 2019	Yes	R13/06-19

Table 42: Policies

Below is a list of all the by-laws developed and reviewed during the financial year:

By-laws developed/revised	Date adopted	Public participation conducted prior to adoption of policy (Yes/No)	Date of publication
Standing Rules of Council	17 July 2018	Yes	Not Published



CHAPTER 2: GOVERNANCE

By-laws developed/revised	Date adopted	Public participation conducted prior to adoption of policy (Yes/No)	Date of publication
	(Council resolution: R34/07-18)		

Table 43: *By-laws*

2.12 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the Municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No and/or Date Published
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2018/19	Yes
Adjusted Budget 2018/19	Yes
Asset Management Policy	Yes
Customer Care, Credit control and Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
SCM Policy	Yes
Tariff Policy	Yes
Petty Cash Policy	Yes
Travel and Subsistence Policy	Yes



CHAPTER 2: GOVERNANCE

Description of information and/or document	Yes/No and/or Date Published
SDBIP 2018/19	Yes
IDP and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2018/19	Yes
IDP Process Plan for 2018/19	Yes
SCM (Sections 14(2), 33, 37 and 75(1)(e)and(f) and 120(6)(b)of the MFMA and Section 18(a) of the National SCM Regulation)	
SCM contracts above R30 000	Yes
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2017/18	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
LED (Section 26(c) of the MSA)	
LED Strategy	Yes
LED Policy Framework	Yes
Economic profile	Yes
LED projects	Yes
Performance management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per Section 57 of MSA	Yes
Assurance functions (Sections 62(1), 165 and 166 of the MFMA)	
Risk Management Policy	Yes

Table 44: Website checklist

2.13 COMMUNICATION

2.13.1 Communication activities

Communication activities	Yes/No	Date Approved/Completed
Communication strategy	No	N/A
Communication Policy	No	N/A
Functional complaint management systems	Yes	01 July 2016 (to be reviewed 2019/20)
Customer satisfaction surveys	No	

Table 45: Communication activities



CHAPTER 2: GOVERNANCE

2.13.2 Communication unit

Communication Unit	Yes/No	Number of people in the Unit	Job titles
	Yes	1	Communication Officer

Table 46: *Communication activities*

DRAFT



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3.1 PERFORMANCE MANAGEMENT

Performance management is prescribed by Chapter 6 of the MSA, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the aforementioned regulation states that "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the IDP, budget, Service Delivery Budget Implementation Plan (SDBIP) and individual and service provider performance.

3.1.1 Organisational performance

The organisational performance is monitored and evaluated via the Top Layer SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP 2018/19 was approved by the Mayor on 18 June 2018.
- The Municipality utilises a web-based performance management system which is updated on a quarterly basis.
- The first quarter Top Layer SDBIP report was submitted to Council on 30 October 2018 (Council resolution: R12/10-18) due to a shortage of staff.
- The Section 72 Mid-year Report in terms of the MFMA, was submitted to Council on 29 January 2019 (Council resolution: R21/01-19).
- The third quarter SDBIP report was submitted to Council on 30 April 2018 (Council resolution: R05/04-19).
- The Internal Audit Unit reviews the performance measurements of the Municipality on a continuous basis as prescribed by relevant legislation, which includes submission of reports on a quarterly basis to the Municipal Manager and Audit Committee.

3.1.2 Individual performance

a) *Municipal Manager and managers directly accountable to the Municipal Manager*

The MSA prescribes that the Municipality must enter into performance-based agreements with the S57-employees and that performance agreements be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2018/19 financial year for the Municipal Manager, Senior Manager Community and Technical Services and Senior Manager Finance and Corporate Services' performance agreement was signed on 26 June 2018 and 30 July 2018 respectively.

The mid-year performance assessment was held on 19 March 2019 for the 2018/19 financial year.

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.2 THE IDP AND THE BUDGET

The IDP and the budget for 2018/19 was reviewed and approved on 22 May 2018 (Council Resolution: R8.7). The IDP and performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfills the implementation, management, monitoring and evaluation of the IDP.

3.3 SERVICE PROVIDERS STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the Municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored.

3.4 STRATEGIC SDBIP

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. The SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, budget and performance agreements).

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%
KPI Well Met	KPI Well Met	100% > Actual/Target < 150%

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE

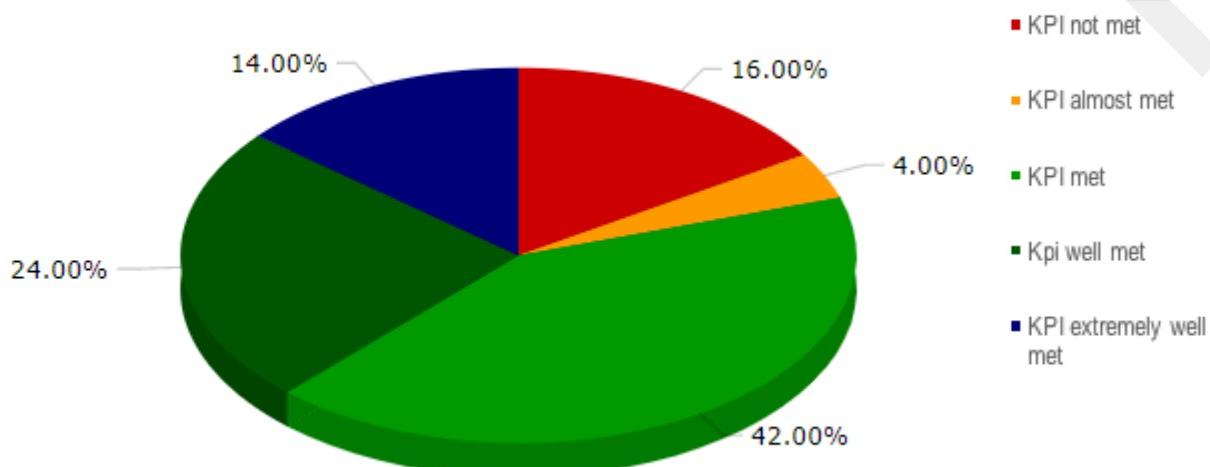


Category	Rating	Explanation
KPI Extremely Well Met	KPI Extremely Well Met	Actual/Target > = 150%

Figure 4: SDBIP measurement criteria

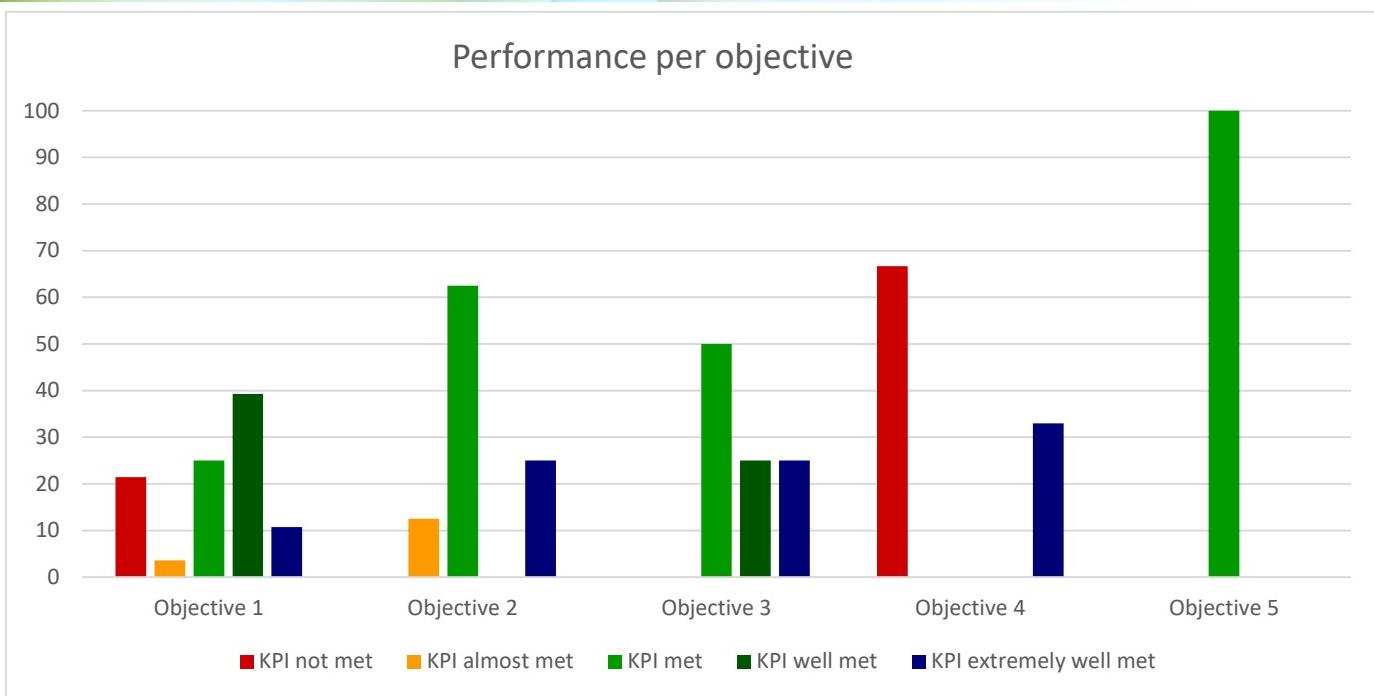
In the tables listed below is the KPI's set in the approved SDBIP per functional area, including actual performance.

Overall Performance



CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Measurement category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Total
	Enhance Infrastructure Development and Basic Service Delivery	Development and Transformation of the Institution	Facilitate Local Economic Development	Maintain a Financially Sustainable and Viable Municipality	Promote Good Governance and Public Participation	
KPI Not Met	4	0	0	2	0	6
KPI Almost Met	1	1	0	0	0	2
KPI Met	12	5	3	0	7	27
KPI Well Met	9	0	0	0	0	10
KPI Extremely Well Met	2	2	1	1	0	6
Total	28	8	4	3	7	50

Graph 1: Overall performance per strategic objective

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.4.1 ENHANCE INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of formal residential properties that which are billed for water or have pre-paid meters that is connected to the municipal water infrastructure network as at 30 June 2019	Number of residential properties which are billed for water or have pre- paid meters as at 30 June 2019	All	4 614	4 597	4 597	4 597	4 597	4 597	4 645	G2
TL2	Number of formal residential properties which are billed for electricity or have pre paid meters as at 30 June 2019 (excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre paid meters as at 30 June 2019 (Excluding Eskom areas)	All	2 432	2 430	2 430	2 430	2 430	2 430	2 456	G2
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	4 614	4 597	4 597	4 597	4 597	4 597	4 645	G2
TL4	Number of formal residential properties which are billed for refuse removal as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	4 614	4 597	4 597	4 597	4 597	4 597	4 645	G2
TL5	Provide free basic water to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic water as at 30 June 2019	All	2 618	2 217	2 217	2 217	2 217	2 217	2 978	G2
TL6	Provide free basic electricity to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic electricity as at 30 June 2019	All	2 365	2 217	2 217	2 217	2 217	2 217	2 699	G2
TL7	Provide free basic sanitation to indigent households earning	Number of households receiving free	All	2 168	2 217	2 217	2 217	2 217	2 217	2 978	G2

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						Actual	Rating		
					Targets					Annual				
					Q1	Q2	Q3	Q4						
	less than R4740 as at 30 June 2019	basic sanitation as at 30 June 2019												
TL8	Provide free basic refuse removal to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic refuse removal as at 30 June 2019	All	2 168	2 217	2 217	2 217	2 217	2 217	2 978	G2			
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019 (Actual amount spent on capital projects /Total amount budgeted for capital projects) X100 by 30 June 2019	{Actual amount spent on capital projects /Total amount budgeted for capital projects} X100 by 30 June 2019	All	85%	10%	30%	60%	90%	90%	97%	G			
Corrective Measure		This figure is not final and can change and will be updated after the finalisation of the AFS												
TL29	95% spent of the library operational conditional grant by 30 June 2019 {(Actual expenditure divided by the total grant received) x 100}	% of the library operational conditional grant spent by 30 June 2019 {(Actual expenditure divided by the total grant received) x 100}	All	161%	0%	10%	60%	95%	95%	222%	B			
TL30	Limit unaccounted for electricity to less than 10% by 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x100}	% unaccounted for electricity by 30 June 2019	All	12.46%	0	0	0	10%	10%	13.94%	R			
Corrective Measure		Auditing of meters and installation of meters at non-meterng points will be conducted												
TL31	Limit unaccounted for water to less than 15% by 30 June 2019 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted for water by 30 June 2019	All	11.16%	0%	0%	0%	15%	15%	15.89%	R			
Corrective Measure		The Municipality is working towards the installation of prepaid meters over the next few financial years												

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL32	Complete phase 1 for the upgrade of the bulk water supply network from Brandvlei to Romanskolk by 30 June 2019 [Phase 1 = Appoint contractor/Commissioning of construction]	Phase 1 for the upgrade of the bulk water supply network completed by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0	0	0	0	1	1	G
TL35	Complete the study for the water supply from the Doringrivier to Calvinia by 30 June 2019	Study completed by 30 June 2019	2	New KPI for 2018/19. No comparative audited results available	0	0	0	0	1	1	G
TL36	90% spent of the budget for completion of the drilling of boreholes for Calvinia and Brandvlei in terms of the grant allocation received by 30 June 2019	Percentage of budget spent by 30 June 2019	1; 2; 3	New KPI for 2018/19. No comparative audited results available	0%	0%	0%	0%	90%	100%	G2
TL37	Complete the Waste Water Treatment Works in Brandvlei by 31 December 2018	Project completed by 31 December 2018	3	New KPI for 2018/19. No comparative audited results available	0	1	0	0	1	0	R
Performance Comment		Project was completed in the previous financial year. No corrective action required									
TL39	90% of the budget spent for street lights at Rooi- and Witwal erven by 30 June 2019	Percentage of budget spent by 30 June 2019	1; 2	New KPI for 2018/19. No comparative audited results available	0%	50%	75%	90%	90%	217.64 %	B
Performance Comment		More than the full budget was spent for purchase of material for street lights of Witwal and Rooi Erven. Actual expenditure was more than 100% of the R170 000 which was budgeted									
TL40	90% of the budget spent for upgrades of one (1) toilet at Brandvlei workshop by 30 June 2019	Percentage of budget spent by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0%	0%	0%	0%	90%	47.57%	R
Corrective Action		A needs analysis will be conducted in order to ensure better budget facilitation									
TL42	90% of the budget spent for furniture for community hall in Calvinia by 30 June	Percentage of budget spent by 30 June 2019	1; 2	New KPI for 2018/19. No comparative audited	0%	30%	60%	90%	90%	85%	O

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						Rating	
					Targets					Actual		
					Q1	Q2	Q3	Q4	Annual			
	2019 [Purchase ten (10) tables and 200 chairs]			results available							Orange	
Corrective Action		All chairs were purchased with cost saving										
TL44	90% of the budget spent for the construction of a bridge in Calvnia by 30 June 2019	Percentage of budget spent by 30 June 2019	1; 2	New KPI for 2018/19. No comparative audited results available	0%	0%	0%	0%	90%	262.30 %	B	
Performance Comment		Budget was overspent for the project proposal										
TL46	90% of the budget spent for sewerage network – Tulp Street in Calvnia by 30 June 2019	Percentage of budget spent by 30 June 2019	2	New KPI for 2018/19. No comparative audited results available	0%	30%	60%	90%	90%	8.65%	R	
Corrective Action		Future infrastructure projects cost will be estimated before tender process starts										
TL47	90% of the budget spent on the paving of Church, Christiaan and Kree Street in Brandvlei by 30 June 2019 [pave total of 1.4km road and construction of 660m stormwater in Church Street]	Percentage of budget spent by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0%	0%	60%	90%	90%	92%	G2	
TL48	Complete the design of Nieuwoudtville roads and storm water for Dahlia Street by 30 June 2019	Design completed and signed-off by 30 June 2019	4	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1	G	
TL49	Connect 47 households with solar electricity in Zwartkop by 30 June 2019	Number of households connected to solar electricity by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0	0	0	47	47	0	R	
Performance Comment		Project was rolled out and implemented by the Department of Energy.										
TL50	Complete the Implementation Readiness Study (IRS) for Brandvlei Bulk Water Supply by 30 June 2019	Implementation Readiness Study completed by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1	G	
TL51	Connect two (2) boreholes from Akkerendam Nature Reserve to Calvnia	Number of boreholes	1; 2	New KPI for 2018/19. No comparative audited	0	0	0	2	2	2	G	

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19					
					Targets					Actual
					Q1	Q2	Q3	Q4	Annual	
	Water Treatment works by 30 June 2019	connected by 30 June 2019		results available						
TL52	Connect one (1) borehole at Romanskolk to Brandvlei Water Treatment Works by 30 June 2019	Borehole connected by 30 June 2019	3	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1 G
TL53	Purchase one (1) compactor vehicle for waste removal by 30 June 2019	Compactor vehicle purchased by 30 June 2019	1; 2	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1 G

Table 47: Sustainable infrastructure development and basic service delivery

3.4.2 DEVELOPMENT AND TRANSFORMATION OF THE INSTITUTION

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19					
					Targets					Actual
					Q1	Q2	Q3	Q4	Annual	
TL10	Percentage of people from employment equity target groups that will be appointed in the three highest levels of management during the 2018/19 financial year in compliance with the municipality's approved employment equity plan	% of people that will be appointed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	New KPI for 2018/19. No comparative audited results available	0%	0%	0%	66%	66%	66% G
TL11	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 ((Total Actual Training Expenditure/ Total personnel Budget) x100)	(Total expenditure on training/total personnel budget)/100	All	0.92%	0%	0%	0%	0.01%	0.01% 3.83%	R
TL15	Limit vacancy rate to 20% of funded post by 30 June 2019 ((Number of funded posts vacant divided by budgeted funded posts) x100	(Number of funded posts vacant divided by budgeted funded posts) x100	All	16%	0%	0%	0%	20%	20% 17%	B

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	by budgeted funded posts) x100}										G
TL16	Review the Workplace Skills Plan and submit plan to the LGSETA by 30 April 2019	Workplace Skills Plan submitted to LGSETA by 30 April 2019	All	1	0	0	0	1	1	1	G
TL17	95% of the ICT capital budget spent by 30 June 2019 {Actual capital expenditure divided by the total approved capital budget)x100}	% of the ICT capital budget spent by 30 June 2019	All	89%	5%	25%	70%	95%	95%	76%	O
Corrective Measure		A needs analyses will be conducted in order to ensure better budget facilitation									
TL18	Purchase a cabinet for SPLUMA by 30 June 2019	Cabinet purchased by 30 June 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1	G
TL43	90% of the budget spent for office furniture for the WWTW (Technical Department) by 30 June 2019	Percentage of budget spent by 30 June 2019	All	New KPI for 2018/19. No comparative audited results available	0%	30%	60%	90%	90%	90%	G
TL45	90% of the budget spent for purchasing of six (6) laptops for foremen by 30 June 2019	Percentage of budget spent by 30 June 2019	All	New KPI for 2018/19. No comparative audited results available	0%	30%	60%	90%	90%	90%	G

Table 48: Development and transformation of the institution to capacitate Hantam Municipality

3.4.3 FACILITATE LOCAL ECONOMIC DEVELOPMENT

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL21	Submit the draft LED strategy to Council by 30 June 2019	Draft LED strategy submitted to Council by 30 June 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1	G
TL27	Create job opportunities	Number of job opportunities	All	1 419	0	0	0	150	150	1 488	B

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	EPWP by 30 June 2019	created by 30 June 2019									
TL38	Draft a Recruitment Policy for EPWP and submit to Council by 31 March 2019	Policy drafted and submitted to Council by 31 March 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	1	0	1	1	G
TL41	90% of the budget spent for construction of new office for EPWP personnel by 30 June 2019	Percentage of budget spent by 30 June 2019	1; 2	New KPI for 2018/19. No comparative audited results available	0%	30%	60%	90%	90%	100%	G2

Table 49: Facilitate economic development in the Hantam municipal area

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.4.4 MAINTAIN A FINANCIALLY SUSTAINABLE AND VIABLE MUNICIPALITY

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL12	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2019 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	% Debt coverage as at 30 June 2019	All	0.66%	0%	0%	0%	1%	1%	0.13%	R
Corrective Measure		The Municipality will do no borrowing in the 2019/20 financial year to ensure target is reduced									
TL13	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2019 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2019	All	15.40%	0%	0%	0%	14%	14%	13%	B
TL14	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2019 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation),	Cost coverage ratio as at 30 June 2019	All	25.44	0	0	0	0.6	0.6	0.35	R

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)))										Red
Corrective Measure		Increased debt collection and cost containment measures will be implemented within the next financial year to ensure increases cash to pay for operating expenditure									

Table 50: *Maintain a financially sustainable and viable municipality*

3.4.5 PROMOTE GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL19	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2018	Risk Based Audit Plan developed and submitted to the audit committee by 30 June 2018	All	1	0	0	0	1	1	1	G
TL20	Compile the final IDP review and submit to council by 31 May 2019	Final IDP review submitted to council by 31 May 2018	All	1	0	0	0	1	1	1	G
TL22	Compile the draft IDP review for 2019/20 and submit to council by 31 March 2019	Draft IDP review for 2019/20 submitted to council by 31 March 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	1	0	1	1	G
TL23	Compile the draft Annual Report for 2017/18 and submit to council by 31 January 2019	Draft Annual Report for 2017/18 submitted to council by 31 January 2019	All	1	0	0	1	0	1	1	G
TL24	Compile the final Annual Report for 2017/18 and submit to council by 31 March 2019	Final Annual Report for 2017/18 submitted to council by 31 March 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	1	0	1	1	G
TL25	Submit the oversight report on the Annual Report to council by 31 March 2019	Oversight Report for 2017/18 submitted to council by 31 March 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	1	0	1	1	G

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Wards	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL26	Review the Internal Audit Charter and Audit Committee Charter and submit to the Audit Committee by 30 June 2019	Internal Audit Charter and Audit Committee Charter submitted to the Audit Committee by 30 June 2019	All	New KPI for 2018/19. No comparative audited results available	0	0	0	1	1	1	G

Table 51: Promote good governance and public participation

3.5 MUNICIPAL FUNCTIONS

3.5.1 Analysis of functions

The powers and functions performed by local authorities in South Africa are defined primarily in Section 156 and 229 of the Constitution (Act 108 of 1996). The Local Government Municipal Structures Act (117 of 1998), read together with the Local Government Municipal Structures Amendment Act (33 of 2000), divides the powers and functions, as set out in the Constitution between district and local municipalities (Section 84). The Act, together with the Amendment Act, Section 85(1), allows the Member of Executive Council (MEC) for COGHSSTA to further adjust the division of certain of these functions between district and local municipalities. Section 84(3)(a) allows only the Minister for Provincial and Local Government to authorize a local municipality to perform these functions.

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	No
Local tourism	No
Municipal airports	Yes
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Municipal function	Municipal function Yes / No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	No
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 52: Functional areas

3.6 OVERVIEW OF PERFORMANCE PER WARD

3.6.1 All wards

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



The table below gives information on the largest capital projects in all wards:

Capital projects				
No.	Project name and detail	Start date	End date	Total value R
1	Calvinia & Brandvlei Bulkwater Supply (WSIG 2018/19)	July 2018	June 2019	7 500 000
2	Brandvlei & Loeriesfontein Bulkwater Supply (RBIG 2018/19)	June 2019	December 2020	39 272 000
3	Brandvlei: Upgrading of Church, Kareeboom and Christians Road	April 2019	September 2019	5 921 634

The above analysis includes only the 3 largest capital projects of the ward

Table 53: Capital projects of all wards

Basic service provision – 2018/19					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Formal households	4366	4366	2456	4366	
Informal households	279	279	279	279	
Total Households*	4645	4645	2735	4645	
Houses completed in year					0

** Informal households supplied with electricity by Eskom*

Table 54: Basic service provision for all wards

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



COMPONENT A: BASIC SERVICES

Hantam Municipality delivers on its core functions as prescribed by the Constitution. Performance targets for basic services were set, taking into account the financial position of the Municipality and the availability of resources. The focus was on delivering basic services to the community to the best of its ability with limited resources and finance.

The Municipality delivers the following basic services to its residents:

- Water provision
- Sanitation provision
- Electricity
- Solid waste management
- Municipal roads and stormwater
- Free basic services and indigent support

Flush toilet connected to sewerage and septic tanks %		Weekly refuse removal %		Piped water inside dwelling %		Electricity for lighting %	
2001	2011	2001	2011	2001	2011	2001	2011
41.9	53.7	60.2	72.5	41.6	59.8	72	76.9

Table 55: Household services

The following tables provide an overview of the challenges experienced in the delivering of basic services to the community:

Service	Challenges
Lack of Infrastructure	
Municipality infrastructure	Lack of funding for Master Plans (e.g. water, electricity, roads, etc.)
Water provision	<ul style="list-style-type: none"> • Replacement of old, faulty water meters • Replace old meters with SMART prepaid meters • Implementation of water restrictions • Disaster declaration due to the lack of rainfall and shortage of water • Low rainfall
Reduction of losses	
Reduction of electricity losses	<ul style="list-style-type: none"> • Funding is required to replace old meters with SMART meters • Theft of electricity due to by-pass of meters
Reduction of water losses	<ul style="list-style-type: none"> • Funding is required to replace old meters with SMART meters • Theft of water due to by-pass of meters
Roads	

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Service	Challenges
Gravel roads Aging tar roads	<ul style="list-style-type: none"> ✿ Poor conditions of roads to Middelpoos and Zwartkop ✿ Potholes ✿ Challenge of stormwater system
Housing	
Backlogs	<ul style="list-style-type: none"> ✿ Increasing need for housing in all towns ✿ Provision of serviced sites for housing development
Sanitation and Solid waste	
Sanitation	<ul style="list-style-type: none"> ✿ Cleaning of ventilated improve pit (VIP) remains a problem in Middelpoos, Nieuwoudtville & Brandvlei. These systems have an unpleasant smell and people do not want to clean their own VIP ✿ The Municipality is situated in a water scarce region therefore flush toilets are not an option at this stage. We are working together with DWS to monitor water sources and to eradicate VIP in the future and introduce water-borne toilets ✿ Financial impact on municipality to empty septic tanks and conservancy tanks with vacuum tankers (honey sucking). The systems need replacement by means of sewerage networks
Solid Waste	<ul style="list-style-type: none"> ✿ Vandalism and theft at the landfill sites ✿ Illegal dumping ✿ Funding to implement recycling project ✿ Storage of refuse in Middelpoos for transportation to landfill site in Calvinia ✿ Cost implications of transport for Middelpoos and Zwartkop

Table 56: Basic service delivery challenges

3.7 WATER PROVISION

The residents in the municipal area have 100% access to water services. The Municipality has been experiencing an extreme water crisis.

Hantam Municipality appointed ASLA Construction as contractor to construct a 30 km water pipeline from Rheeboekfontein to Loeriesfontein town. This pipeline supplied water to Loeriesfontein town in April 2018 and the project was completed in July 2018. The total cost for the Loeriesfontein project amounted R115 000 000. Loeriesfontein currently has water 24hrs a day.

Calvinia, Brandvlei and Nieuwoudtville have been experiencing drought since the 2017/18 financial year due to low rainfall. The municipality implemented water restrictions to better manage available water resources and raise awareness amongst residents to use water more sparingly. Hantam was declared as disaster area and drought relief funding was

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



received from Department of Co-Operative Governance, Human Settlements and Traditional Affairs (CoGHSTA) to drill additional boreholes for Calvinia and Brandvlei. Drought relief funding was received from the Department of COGHSTA for the amount of R8,5 M. 25 Boreholes were drilled in Calvinia and 13 boreholes in Brandvlei of which 3 boreholes were connected with the Water Treatment Works and 1 borehole was connected with the Brandvlei Romanskolk pipeline.

BVI Consulting Engineers was appointed to conduct a feasibility study of water supply to Calvinia from the Doornrivier in the Tankwa Karoo.

Hantam Municipality appointed JVZ Contractors to start construction of a 50Km water pipeline from Romanskolk to Brandvlei.

Hantam Municipality remains under water restrictions due to abnormal low rainfall in its area of jurisdiction.

The water sources in the municipal area are as follows:

Sources of water	
Borehole	36%
Spring	1%
Rain water tank	0.8%
Dam/pool/stagnant water	60%
River/stream	0%
Water vendor	0.3%
Water tanker	0.9%
Other	1%

Table 57: Sources of water (Source: Annual Report 2015/16)

3.7.1 Water service delivery levels

Water is the most fundamental and indispensable of natural resources. It is fundamental to life, the environment, food production, hygiene and power generation, without water, humanity cannot survive.

Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services, limited to potable water supply systems and domestic waste water and sewerage disposal systems, as a local government function. Basic water is defined as 25 litres of potable water per day supplied within 200 meters of a household.

Access to potable water is the norm in Hantam Municipality. According to the census 2011 assessment, the number of households with access to water has increased to 4 645 households in 2018/19.

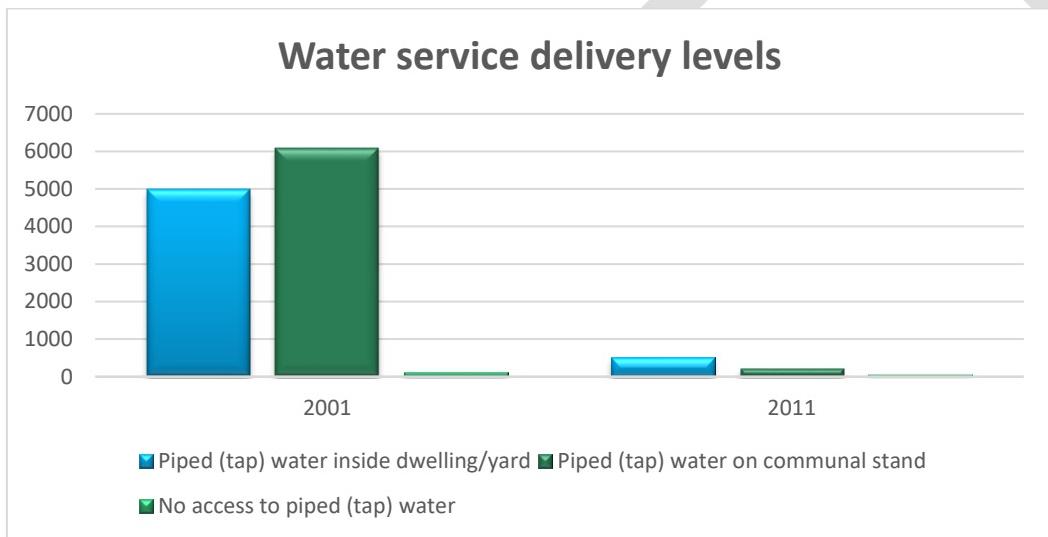
CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Access	2017/18	2018/19
	Number of households	Number of households
Households receiving water	4 614	4 645
Access	Census 2011	Census 2011
Piped (tap) water inside dwelling/yard	4 994	6 064
Piped (tap) water on communal stand	500	212
No access to piped (tap) water	125	64

Table 58: Distribution of households with access to piped water (Census 2011)

The graph below shows the distribution of households with access to piped water:



Graph 2: Distribution of households with access to piped water (Census 2011)

3.7.2 Households - Water service delivery levels

Below is a table that specifies the number of formal and informal households with water service delivery levels below the minimum standards for the financial years 2017/18 and 2018/19:

Description	2017/18	2018/19
	Actual	Actual
Formal settlements		
Total households	4 614	4 645
Households below minimum service level (informal)	253	253
Proportion of households below minimum service level (%)	5.48	5.48
<i>In terms of the back to basics requirements the Municipality is required to calculate the number of erven to which a service is provided regardless of the number of households per erf</i>		

Table 59: Water service delivery levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.7.3 Highlights: Water service delivery levels

The table below give a brief description of the highlights for water service delivery during the 2018/19 financial year:

Highlight	Description
Drought relief funding	Drought relief funding for the amount of R8.5 million was received for the drilling of boreholes in Calvinia and Brandvlei as additional water resources
R7.5 million WSIG funding	An amount of R7.5 million WSIG funding was received to connect 3 boreholes to water treatment plants
Appointment of contractor for Brandvlei Bulk Water Services project	A contractor has been appointed for the construction of a 50km pipeline between Brandvlei and Romanskolk to upgrade water treatment plant

Table 60: Water service delivery highlight

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:6 Brandvlei boreholes

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.7.4 Pictures of Highlights

Drilling of boreholes in Brandvlei – WSIG Project



Drilling of boreholes in Calvinia - WSIG Project



CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:7 *Calvinia boreholes*

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:8 Construction of 30 km water pipeline from Rheeboekfontein to Loeriesfontein project completed

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.7.5 Challenges: Water service delivery levels

The table below gives a brief description of the water service delivery challenge during the 2018/19 financial year:

Challenge	Corrective action
Shortage of drinking water	<ul style="list-style-type: none"> • Implementation of water restrictions • Disaster declaration

Table 61: Water service delivery challenge

3.7.3 Employees: Water Services

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18 Employees	2018/19			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	10	6	6	0	0
4 - 6		2	1	1	50
7 - 9		1	1	0	0
10 - 12		1	1	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	10	10	9	1	50

Table 62: Employees: Water services

3.7.4 Capital expenditure – Water Services

The table below indicates the amount that was actually spent on water services projects for the 2018/19 financial year:

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Calvinia and Brandvlei bulk water supply (WSIG 2018/19)	7 500 000	7 500 000	7 499 716	284
Brandvlei bulk water supply (RBIG 2018/19)	39 272 000	44 272 000	44 452 162	(180 162)
Total	46 772 000	5 177 2000	51951878	(179 878)

Table 63: Capital expenditure 2018/19: Water services

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.8 SANITATION SERVICES

All residents in Hantam Municipality have access to basic sanitation services. The bucket system has been eradicated within the municipal area. There are no sanitation backlogs on formal residence in the Hantam municipal area. The backlog in informal areas:

- Calvinia - 219 households
- Brandvlei - 50 households
- Nieuwoudtville – 6 households

The Green Drop score of 52.44% indicates an improvement on previous assessments. Middelpos Waste Water Facility has been closed and waste water must be transported to Calvinia WWTW. The upgrade of the Brandvlei WWTW is planned for the 2018/19 financial year. Currently the environmental impact assessment is in progress.

The Middelpos oxidation ponds have been closed. This result in waste disposal to be done daily to Calvinia.

The status of formal sanitation during 2018/19 can be summarised as follows:

Town/Area	Flush toilet sewerage	Flush toilet (septic tank)	Chemical toilet	Pit latrine (ventilation)	Pit latrine (no ventilation)	Bucket	None
Calvinia	1 333	792	0	39	0	0	0
Brandvlei	0	582	0	60	140	50	0
Hantam	154	617	64	143	172	0	610
Loeriesfontein	308	750	0	340	0	0	0
Nieuwoudtville	242	401	0	0	0	0	0
Total	2 037	3 142	64	582	312	50	610

Table 64: Provision of formal sanitation

3.8.1 Sanitation service delivery levels

Below is a table that specifies the distribution of households by type of toilet facility:

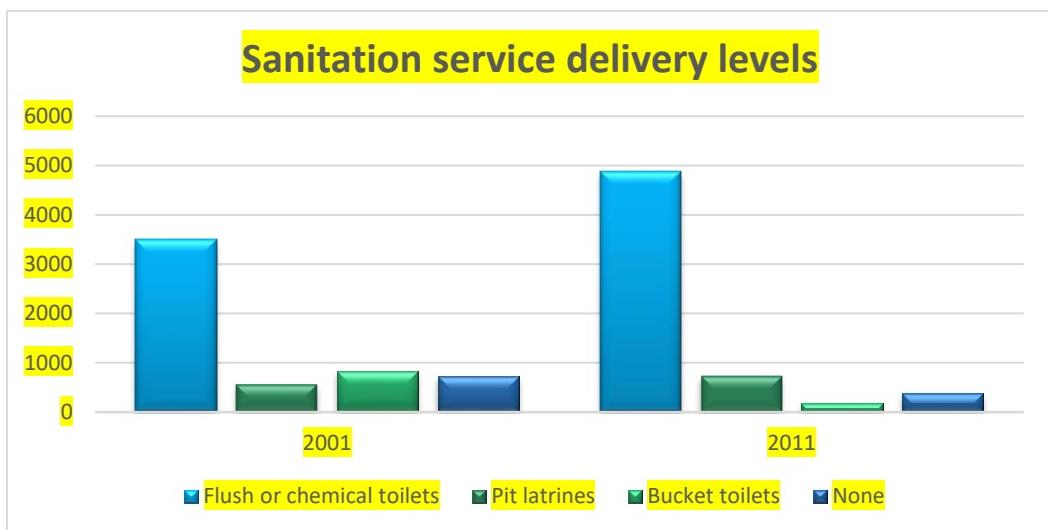
Facility	Census 2001	Census 2011
	Number of households	Number of households
Flush or chemical toilets	3 505	4 879
Pit latrines	553	722
Bucket toilets	837	185
None	724	382

Table 65: Distribution of households by type of toilet facility

The graph below shows the distribution of households by type of toilet:

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Graph 3: Distribution of households by type of toilet facility

3.8.2 Employees: Sanitation services

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				Number	
0 - 3	18	4	4	2	200
4 - 6		0	0	0	0
7 - 9		7	7	0	0
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	18	11	11	2	200

Table 66: Employees: Sanitation services

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.8.3 Capital expenditure – Sanitation Services

The table below indicates the amount that was actually spent on sanitation services projects for the 2018/19 financial year:

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Brandvlei WWTW	1 754 366	1 834 366	1 856 840	(22 474)
Total	1 754 366	1 834 366	1 856 840	(22 474)

Table 67: Capital expenditure 2018/19: Sanitation services

3.9 ELECTRICITY

Electricity and street lighting are provided to all formal settlements and electricity and street or high-mast lights are provided to most informal areas in Hantam. 97% of households have access to electricity. The Municipality provide electricity to part of Brandvlei, Calvinia, Loeriesfontein and Nieuwoudtville, whilst Eskom provide electricity to part of Brandvlei, Calvinia, Loeriesfontein, Nieuwoudtville, Middelpos.

The electricity losses were determined at 13.94% for the 2018/19 financial year as compared to 12.46% of the 2017/18 financial year. This increase in the % losses is due to faulty meters, electricity theft.

3.9.1 Electricity service delivery levels

The table below indicates the different service delivery level standards for electricity within the urban edge area of the Municipality:

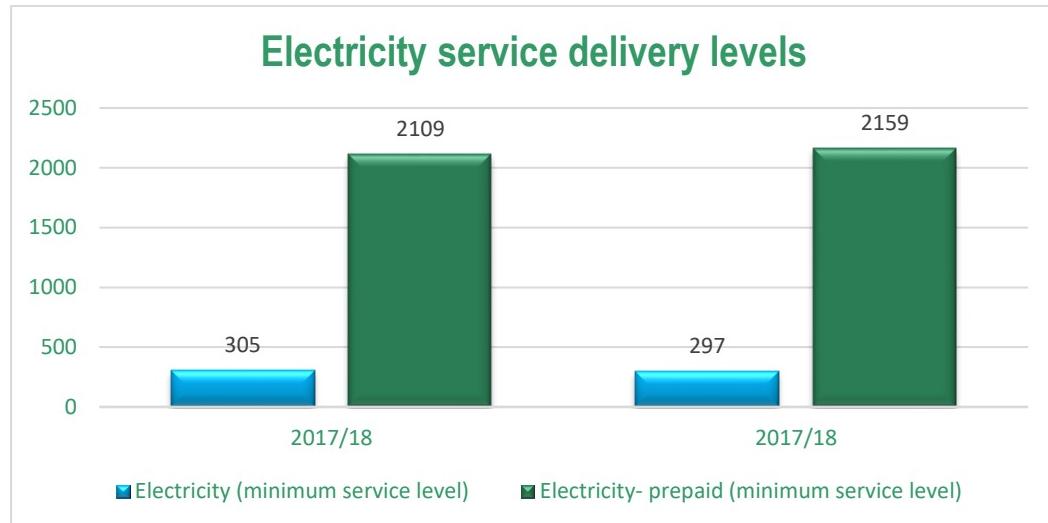
Electricity service delivery levels		
Description	2017/18	2018/19
	Number of households	
<i>Energy (above minimum level)</i>		
Electricity (minimum service level)	276	297
Electricity - prepaid (min service level)	2 157	2 159*
Total	2 414	2 456
<i>Energy (below minimum level) – Eskom provides electricity to informal and other settlements</i>		

Table 68: Electricity service delivery levels

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



The graph below shows the different electricity service delivery levels per total households and the progress per year:



Graph 4: Electricity service delivery levels

3.9.2 Employees: Electricity Services

The table below indicates the number of staff employed by the Unit:

Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					
0 - 3	3	0	0	2	0
4 - 6		0	0	0	0
7 - 9		1	1	0	0
10 - 12		2	2	1	200
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	3	3	3	3	200

Table 69: Employees: Electricity services

3.10 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The Municipality delivers solid waste services to the residents of Hantam Municipality. All residents receive the service once a week and a black bag system is being implemented for the removal of solid waste.

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



The Municipality has 4 landfill sites of which Calvinia, Brandvlei, Nieuwoudtville and Loeriesfontein have permit licenses. Middelpos landfill site has been closed and the waste is transported to Calvinia landfill site. Although these sites are fully functional, illegal dumping of waste in the municipal area remains a major challenge. To curb illegal dumping, it is recommended that Council consider a recycling program. The landfill sites are also too close to the communities and the fencing is being vandalised or stolen which results in papers and bags being blown all around the area. This results to additional costs to clean and manage the landfill sites. It is recommended to move the landfill sites to new areas, which should be identified. The Integrated Waste Management Plan is still valid for 2019 and it is recommended that Hantam Municipality together with Department Environmental Affairs and the district municipality should source funding to review the Integrated Waste Management Plan.

3.10.1 Refuse removal service delivery levels

The table below indicates the different refuse removal service delivery level standards within the urban edge area of the Municipality:

Description	2017/18	2018/19
	Actual	Actual
Household		
Refuse removal: (Minimum level)		
Removed at least once a week	4 614	4 645
Minimum service level and above sub-total	4 614	4 645
Minimum service level and above percentage	100%	100%
Refuse removal: (Below minimum level)		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
Total number of households	4 614	4 645
<i>In terms of the Back to Basics requirements the Municipality is required to calculate the number of erven to which a service is provided regardless of the number of households per erf</i>		

Table 70: Refuse removal service delivery levels

The graph below shows the different refuse removal service delivery levels per total households and the progress per year:

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 5: Refuse removal service delivery levels

3.10.2 Highlights: Waste removal service delivery levels

The table below give a brief description of the highlight for waste removal service delivery during the 2018/19 financial year:

Highlight	Description
Procurement of new compactor vehicle	Hantam Municipality acquired a new compactor for Calvinia for household refuse removal during 2018/19

Table 71: Waste removal service delivery highlight

3.10.3 Challenges: Waste removal service delivery levels

The table below gives a brief description of the waste removal service delivery challenge during the 2018/19 financial year:

Challenge	Corrective action
Vandalism and theft at the landfill sites	Identification of new areas for landfill sites to be established
Illegal dumping	Hantam Municipality is going to participate in one of Department Environmental Affairs' projects (The Green Deeds Project) to help with clearing of illegal dumping sites and the education of the community in this regard. Funding is also required for the recycling project

Table 72: Waste removal service delivery challenge

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.10.4 Employees: Waste management (refuse collections, waste disposal, street cleaning and recycling)

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				Number	
0 - 3	6	11	11	3	27.27
4 - 6		1	1	0	0
7 - 9		9	9	0	0
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	6	21	21	3	14.28

Table 73: Employees: Waste management (refuse collections, waste disposal, street cleaning and recycling)

3.11 HOUSING

The biggest challenges remain the backlog of 1 900 RDP houses and increased household numbers on the housing waiting list. The Municipality embarked on visits to all towns in Hantam during 2018/19 to register new applications on the National Housing Needs Register. Information for 2018/19 are illustrated in the table below:

2017/18	Calvinia	Loeriesfontein	Nieuwoudtville	Brandvlei	Middelpos
2018/19	1 200	165	350	425	75
2018/19	754	256	324	444	57

Table 74: Housing needs register

An assessment will be done for each town based on what the needs register stipulates in terms of the amount of people that require housing.

3.11.1 Employees: Housing

The table below indicates the number of staff employed by the Unit:



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Job level		2017/18		2018/19		
(T-grade)	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
		Number			%	
0 - 3	1	0	0	0	0	
4 - 6		0	0	0	0	
7 - 9		0	0	0	0	
10 - 12		1	1	0	0	
13 - 15		0	0	0	0	
16 - 18		0	0	0	0	
19 - 20		0	0	0	0	
Total	1	1	1	0	0	

Table 75: Employees: Housing

3.12 FREE BASIC SERVICES AND INDIGENT SUPPORT

In accordance with the approved Indigent Policy of the Municipality, all account holders earning less than R4 500 per month will receive free basic services as prescribed by the national policy. Indigent support includes water, electricity, rates, refuse, and sewerage.

3.12.1 Access to free basic services

The access to free basic services is summarised into the different services as specified in the following table:

Free basic services to low income households									
Year	Total	Number of households							
		Households earning less than R 4 500 per month							
		Free basic water		Free basic sanitation		Free basic electricity		Free basic refuse	
		Access	(%)	Access	(%)	Access	(%)	Access	(%)
2017/18	4 614	2 618	56.74	2 618	56.74	2 365	51.26	2 618	56.74
2018/19	4 645	2 978	64.11%	2 978	64.11%	2 699	58.11%	2 978	64.11%

***Free basic electricity is split between municipal and what Eskom provides. 2015/16 = 664, 2016/17 = 1 074; Municipality: 2015/16 = 565, 2016/17 = 359; Municipality: 2017/18 = 847; 2018/19 = 1174*

Table 76: Access to free basic services (Source: Back to Basic Provincial Report)

The cost of free basic services amounted to R7 499 085 for the financial year.

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



COMPONENT B: ROAD TRANSPORT

This component includes: Roads, transport and stormwater drainage.

The Hantam Municipality is responsible for the normal maintenance, re-gravel and reseal of roads. One of the major challenges experienced by the Municipality is the ongoing maintenance of potholes due to insufficient funds. The District Municipality is responsible for maintenance, repairing, protecting and management of the proclaimed provincial roads in the area.

Hantam Municipality's waste water (stormwater) systems consist of channels, pipelines and open trenches with piped road crossings.

3.13 ROADS

The Hantam Municipality is responsible for normal maintenance, re-gravelling and resealing of roads. One of the major challenges experienced by the municipality is the repair of potholes due to insufficient funds. The District Municipality is responsible for maintenance, repairing, protecting and management of the proclaimed provincial roads in the area.

Storm water is handled through a system of channels, pipelines and open trenches with piped road crossings.

The number of funded projects allocated to the Department Technical and Community Services (roads and storm water):

- 2017/18: 1 (one)
- 2018/19: 1 (one)

Below is a summary of the current existing streets/roads in Hantam Municipality:

Town	Surfaced/paved streets (km)	Gravel/unpaved streets (km)	Total
Calvinia	22	21	43
Loeriesfontein	4	22	26
Nieuwoudtville	4.5	18.5	23
Brandvlei	6.5	20.5	27

Table 77: Summary of existing streets and roads

3.13.1 Asphalt roads

Financial year	Total km asphalt roads	Km of new paved roads	Km existing new roads re-sheeted	Km asphalt roads maintained
2017/18	31.82	0.77	0	0
2018/19	31.2	1km	0	31

Table 78: Asphalt roads

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.13.2 Gravel roads

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to asphalt	Km gravel roads bladed/maintained
2017/18	82	n/a	200m	82
2018/19	86	n/a	1km	86

Table 79: Gravel roads

3.13.3 Cost of construction/maintenance

The total cost of maintenance for gravel and paved/asphalt roads were R1 004 855. The budget for paved constructed roads was R5 921 634 and R4 940 551 (excl. VAT) was spent. (figures to be confirmed by the municipality)

3.13.4 Employees – Roads

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
0 - 3	22	14	14	2	700
4 - 6		0	0	0	0
7 - 9		2	2	0	0
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	22	16	16	2	700

Table 80: Employees: Roads

3.13.5 Employees: Stormwater

The table below indicates the number of staff employed by the Unit:

Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
0 - 3	18	12	12	2	600
4 - 6		0	0	0	0

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				Number	
7 - 9		5	4	1	500
10 - 12		0	0	0	0
13 - 15		1	1	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	18	18	17	3	1100

Table 81: Employees: Stormwater

3.13.6 Capital expenditure – Roads

The table below indicates the amount that was actually spent on road service projects for the 2018/19 financial year:

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
	(R)			
Brandvlei: Upgrading of Church, Kareeboom and Christians Road	5 921 634	5 921 634	5 472 291	449 343
Total	5 921 634	5 921 634	5 472 291	449 343

Table 82: Capital expenditure 2018/19: Road services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



COMPONENT C: PLANNING AND DEVELOPMENT

This component includes two service delivery priorities namely planning and development. Planning consists of land use and building control and development consist of Local Economic Development (LED). LED is built around a commitment to develop a climate in which economic development and growth can prosper.

3.14 PLANNING

National imperatives such as the MSA prescribes that municipalities must develop a spatial plan that seeks to address the past skewed planning models and in an integrated way explore how planning for all people and communities will be addressed. The spatial plan informs how space and resources will be used to create a more coherent and systematic approach to planning and service delivery.

The existing Spatial Development Framework (SDF) is currently outdated thus the Municipality has embarked on drafting and approving an SDF that serves as a guideline for all town planning and changes to existing uses of erven.

The focus of planning is on the approval and issuing of rezoning applications, sub-divisions and consolidation and application of the regulations in terms of building control and the approval of building plans.

The Municipality (in partnership with the South African Radio Astronomy Observatory who appointed Ditsamai Investments and Projects to complete it) has started a process to have the SDF reviewed to (a) conform to planning legislation, (b) be in accordance with national guidelines, and (c) consider updated information and recent development trends. The Phase 1 and 2 reports prepared as part of drafting the 'new' municipal SDF Framework, were provided to the Hantam Municipality during 2018. This was followed by a presentation at a workshop between representatives from the Municipality and the service provider to discuss phases 3 and 4 of the project and reports on the latter phases were also provided to the Municipality. The final SDF will be approved during August 2019.

3.14.1 Challenges: Planning

The table below give a brief description of all the challenges with regards to the planning department during the 2018/19 financial year:

Challenge	Corrective action
Approval of the SDF	The approval will be dealt within the 2019/20 financial year
No land use scheme in place	Better financial planning is required
Shortages of funding for future development	Additional and innovative ways for revenue generation Better financial planning through long term plan
Outdated town development and infrastructure	Historical outlays need to be addressed.
Increasing housing backlog	Refer to CoGHSTA for funding and building of houses for registered applications as per National Housing Register

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Table 83: Planning challenges

3.14.2 Service delivery statistics for Planning

The table below displays the applications for land use development:

Detail	Rezoning	
	2017/18	2018/19
Planning application received	18	22
Determination made in year of receipt	12	21
Determination made in following year	4	1
Applications withdrawn	2	3
Applications outstanding at year end	0	7

Table 84: Applications for land use development

The table below indicates the building plans received and processed during the financial year

Type of service	2017/18	2018/19
Building control		
Building plan applications processed	78	48
Approximate value	18 566 750	9 355 000
New residential dwellings	28	8
Residential extensions	36	36
New Business buildings	8	1
Business extensions	6	3

Table 85: Town planning and building control service delivery statistics

3.14.3 Employees: Planning

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18 Employees	2018/19			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
0 - 3	2	0	0	0	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12		2	2	0	0

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	2	2	2	0	0

Table 86: Employees: Planning

3.15 LED

The draft LED Strategy, which was compiled during 2011 by the Department of Economic Development, Namakwa District Municipality and Urban Econ, was approved by Council on 30 June 2018. The Strategy will be reviewed with the assistance of the Provincial Department of Economic Development during the next financial year as soon as the necessary capacity is available. The LED Strategy is built around commitment to develop a climate in which economic development and growth can prosper and growth is shared. The primary role of local government is to create a climate that is conducive to local economic development hence we can only achieve this goal with the assistance and support of all our relevant stakeholders.

Regular engagements with investors in the municipal area form a vital part of our attempts to foster relationships as well as ensuring that they contribute in terms of their social responsibility towards the community of Hantam in terms of projects identified in the IDP. The Municipality ensures implementation and support of programmes that focus on economic development. With the focus on developing local SMME's in Hantam, the Municipality embarked on a process of establishing business development forums during the next financial year. The necessary assistance and commitment from the Provincial Department of Economic Development will enable Hantam to establish the business hub.

The opportunities that derive from renewable energy projects, especially within the Loeriesfontein and surrounding areas, pose opportunities for economic growth for the municipal area as well as the district. Especially with new regulations that require from investors to implement socio-economic projects district-wide instead of within a radius of 50km as in the past.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:9 Hantam councillors and officials during site visit to Khobab- and Loeriesfontein wind energy farms and receipt of laptops donation for the business hub



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

EPWP:

The Municipality aim to create a conducive business environment where municipal capital projects can be implemented through the Expanded Public Works Programme (EPWP). The programme aims to increase economic growth by improving skills levels through education and training. It also aims to provide an enabling environment for industry to flourish. The programme is based on Labour Intensive Methods of Construction (LIC) by contractors which will also enhance skills development. The Municipality created **1 488** job opportunities through the recruitment of **1 112** participants.

Socio Economic projects implemented by investors in Hantam

South African Radio Astronomy Observatory (SARAO) implemented the following socio economic projects for the year under review:

- Spent R150 000 in each school on projects that they chose with a total value of R300 000
- A grant has been provided to Verneukpan (Zwartkop) soup kitchen for the development of a community centre at the cost of R 300 000
- A local crafter was included in a program to develop and create markets outside the local communities
- SAROA has 110 fulltime employees in the Karoo
- SARAO also support other activities in the local schools, like robotics
- The National Park that will be created around the SKA will be named the Meerkat National Park. This name was selected by a learner from Brandvlei. She will receive a laptop.

Saint Gobain Gypsum Mine

No socioeconomic projects were completed during this period as the previous rain harvesting project in Loeriesfontein came to an end at the end of 2017. No new IED/IDP project has been approved by the Northern Cape DMR.

No new job opportunities were created as the mine currently runs on a skeleton staff of 5 members due to reduced market demand. Seven (7) contractors are employed to transport product from the mine to the Sishen-Saldanha rail siding at Loop 8.

3.15.1 Mainstream Renewable Energy Projects for 2018/19

The table below provides for an overview of the projects conducted throughout the 2018/19 financial year:

Project Name	Community Beneficiaries
Primary School Teacher Support Programme	<ul style="list-style-type: none">• 2 x foundation phase teachers employed• 200 students impacted• 1 x maths and science teacher employed

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Project Name	Community Beneficiaries
	<ul style="list-style-type: none"> • 47 students impacted
High School Teacher Support Programme	<ul style="list-style-type: none"> • 1 x maths teacher employed for Grades 8 and 9 • 78 students
Literacy Programme	<ul style="list-style-type: none"> • 2 local youth employed full-time on the project • 100 students impacted
Early Childhood Development Programme	<ul style="list-style-type: none"> • 3 ECD practitioners receiving accredited Level 5 ECD certification • 7 Community members receiving accredited Level 5 ECD training • 2 ECD centres impacted and Grade R classes at the Primary School • 155 students impacted
Youth Development Programme (Isibindi)	<ul style="list-style-type: none"> • Vulnerable Children and Youth • Vulnerable Households • 10 Child and Youth Care Workers permanently employed. • 10 x Local contractors employed to construct the Safe Park
Substance Abuse Programme	<ul style="list-style-type: none"> • 1 x social worker employed • 1 x auxiliary social worker employed
Security Officer Training	26 unemployed Community members trained
Victim Support Unit	<ul style="list-style-type: none"> • Community Victims of Abuse and violent crime have a safe place to receive counselling • Local contractors employed for non-specialist functions
Bursary Programme	Community members benefitted from a full bursary covering tuition; transport; accommodation and meals
Annual Wellness Day	<ul style="list-style-type: none"> • Community event held in December – free testing and counselling for HIV / Diabetes / High Blood Pressure • Entertainment provided for the entire community • Stalls for community members to sell their produce
Maths Numeracy Programme	<ul style="list-style-type: none"> • Improved mathematical numeracy • Wi-Fi installed at High School • 86 learners supported
Lay-Counsellor Training	6 community members trained as lay-counsellors
High School Textbooks Supplied	48 Students impacted
Donations	47 community members impacted on various interventions
Career Guidance	90 students impacted
School furniture- Loeriesfontein Primary School	400 learners

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Project Name	Community Beneficiaries
Medical Equipment	2 700 community members impacted
Loeriesfontein High School Infrastructure Upgrade	Local job creation
Drought Relief Programme	<ul style="list-style-type: none"> • 195 farmers (of which 77 are Emerging Farmers) • 177 households (job Retention) • 601 community members Positively impacted
Local Catering Companies	Enterprise Development & Job Creation
Enterprise Development Programme	<ul style="list-style-type: none"> • Unemployed youth employed as interns. • Support; training and development to SMME's and 26 entrepreneurs
Transportation	Local Companies
Fencing & Lighting	<ul style="list-style-type: none"> • 2 local contractors • Local labour
Construction Concrete Slab for Water Plant	<ul style="list-style-type: none"> • Local entrepreneur • Local labour
Security Services at the Wind Farm	<ul style="list-style-type: none"> • Local company • 23 jobs created
Cleaning Services at the Wind Farm	<ul style="list-style-type: none"> • Local company • 3 jobs created
Waste Removal at the Wind Farm	<ul style="list-style-type: none"> • Local company • 7 jobs created

Table 87: Mainstream renewable energy projects 2019

Project Name	Community Beneficiaries
Primary School Teacher Support Programme	<ul style="list-style-type: none"> • 2 x foundation phase teachers employed • 200 students impacted • 1 x maths and science teacher employed • 47 students impacted
High School Teacher Support Programme	<ul style="list-style-type: none"> • 1 x maths teacher employed for Grades 8 and 9 • 78 students
Literacy Programme	<ul style="list-style-type: none"> • 2 local youth employed full-time on the project • 100 students impacted
Early Childhood Development Programme	<ul style="list-style-type: none"> • 3 ECD practitioners receiving accredited Level 5 ECD certification • 7 Community members receiving accredited Level 5 ECD training

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Project Name	Community Beneficiaries
	<ul style="list-style-type: none"> • 2 ECD centres impacted and Grade R classes at the Primary School • 155 students impacted
Youth Development Programme (Isibindi)	<ul style="list-style-type: none"> • Vulnerable Children and Youth • Vulnerable Households • 10 Child and Youth Care Workers permanently employed
Substance Abuse Programme	<ul style="list-style-type: none"> • 1 x social worker job created and retained • 1 x auxiliary social worker employed
Bursary Programme	11 persons received a full bursary covering tuition; transport; accommodation and meals
Maths Numeracy Programme	<ul style="list-style-type: none"> • Improved mathematical numeracy • Wi-Fi installed at Primary School • 86 learners impacted at High School • 44 Grade 7 learners impacted at the primary school
Lay-Counsellor Training	Facilitated the employment of 4 lay-Counsellors by the Northern Cape Department of Social Development.
Donations	<ul style="list-style-type: none"> • Riel Dancers • School fees paid for special needs learner • Transportation requests from schools and other community members • Equipment to Community Health Centre
Career Guidance	90 students impacted
Infrastructure Upgrades	<ul style="list-style-type: none"> • Sports Field Upgrade: 6 people employed • Bridge Construction: EIA in process / job creation opportunities advertised • Business Centre Development: potential local entrepreneurs to benefit from construction and other opportunities • Training provided to 30 people NHBRC/CIDB registration
Local Catering Companies	Enterprise Development and Job Creation
Enterprise Development Programme	<ul style="list-style-type: none"> • 2 youth employed as interns • Support; training and development to numerous aspiring entrepreneurs and SMME's • Support provided to 4 enterprises: 2 x wood cutting, processing and packaging, 1 x social enterprise (cooperative) 1 x panel beating company, 1 x transport logistics company • 30 jobs created

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Project Name	Community Beneficiaries
Security services on wind farm	<ul style="list-style-type: none"> • Local company • 30 jobs
Cleaning services on wind farm	<ul style="list-style-type: none"> • Local company • 30 jobs
Waste removal on wind farm	<ul style="list-style-type: none"> • Local company • • 7 jobs created
WordWorks Literacy Programme	<ul style="list-style-type: none"> • teachers trained to roll-out the literacy programme to parents of foundation phase children • Improved parent-school interaction in mothertongue literacy development at foundation phase level
Back to School Programme	Local supplier utilised to supply the primary and high school with back-to school supplies at the start of the school year
Youth Day	Motivational speaker taken to the high school

Table 88: Mainstream renewable energy projects 2019

3.15.1 Highlights: LED

The table below gives a brief description of all the highlights for LED during the 2018/19 financial year:

Highlights	Description
EPWP Job opportunities	<ul style="list-style-type: none"> • 1112 EPWP job opportunities were created • EPWP recruitment policy was approved by Council on 28 March 2019 • 1 488 job opportunities through the recruitment of 1 112 participants
Solar Energy Farm project	Solar Capital started engagements with the Municipality regarding their project which will be implemented from July 2019. They held an information meeting with the community of Loeriesfontein
Approval of Draft LED Strategy	Council approved the draft LED Strategy compiled during 2011 by the Provincial Department Economic Development, Namakwa District Municipality as well as Urban Econ on 30 June 2019. The Strategy will be reviewed by DEDAT as soon as capacity becomes available
Hantam Business Hub	<ul style="list-style-type: none"> • Northern Cape SMME Trust assisted the municipality with drafting of a business proposal for the business hub • Mainstream donated two laptops to be utilised in the business hub

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Highlights	Description
SAWIT Mix Crop Farming Youth Skills Programme	SAWIT implemented a skills training programme which provided an opportunity to 50 youth to obtain skills in Mix Crop farming

Table 89: LED highlights

3.15.2 Challenges: LED

The table below gives a brief description of all the highlights for LED during the 2018/19 financial year:

Challenge	Corrective Action
Business hub establishment- securing, operating of building and funding for renovations	Support from Provincial Department Economic Development and relevant economic development role players to establish the hub
Corporate social responsibility funding for projects	<ul style="list-style-type: none"> Engage investors in Hantam to contribute towards communities for their social responsibility 50km radius of Square Kilometer Array (SKA) and Mainstream South Africa to implement socio-economic projects in municipal jurisdiction
Development of Akkerendam Nature Reserve	Source funding to develop Akkerendam Nature Reserve to promote economic development and tourism
Waste recycling project	Source funding to implement a waste recycling project in Hantam
Lack of job opportunities / high unemployment rate	Creation of job opportunities through implementation of sustainable projects

Table 90: LED Challenges

3.15.3 LED initiatives

The following table indicates the EPWP projects and the number of work opportunities created:

Jobs created through EPWP projects	
Project details	Number of work opportunities
01/2018 - IG_Waste Collection in Hantam Municipality Phase 3	496
02/2018 - IG_Maintenance of Water in Hantam	40
03/2018 - IG_Maintenance of Streets in Hantam Phase 2	271
04/2018 - IG_Beautification of Hantam Cemeteries Phase 3	38
05/2018 - IG_Maintenance of Hantam Sports fields Phase 2	29
Maintenance of Public Infrastructure Phase 2	585
1476 – Upgrading of Church-, Kareeboom- and Christiaan Street: Brandvlei	14

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Jobs created through EPWP projects	
Project details	Number of work opportunities
Equiping Boreholes in Brandvlei and Calvinia	15

Table 91: Job creation through EPWP projects

3.15.4 Tourism awareness/events

Annual events in the Hantam region:

Annual event	Date
Kontreikos & Mark - Loeriesfontein	17 - 24 August 2018
Hantam Vleisfees	24 - 25 August 2018
Hantam Kuierfees	25 August 2018
Hantam Vastrap Mountain Bike event	25 August 2018
Tankwa Camino - Calvinia	28 September - 7 October 2018
Onse Mark - Calvinia	10 August 2018 - 6 September 2018
Calvinia Geologie Toer - Sutherland, Fraserburg, Williston, Calvinia	21 – 23 Augustust 2018
ATKV RIELDANS Streeksfees	29 September 2018
Nieuwoudtville Choir Festival	20 October 2018
United Reformed Church Bazaar - Calvinia	17 November 2018
Street Carnaval - Calvinia	29 November - December 2018
Tankwa Camino - Calvinia	22 - 31 March 2019 5 - 14 April 2019
Katryns Family Market Calvinia	14 - 16 March 2019
Sterrewag Enduros	18 - 17 March 2019
Oorlogskloof Mountain and Gorge Run - Nieuwoudtville	17 April 2018
Hantam MTB Nieuwoudtville	April 2019
AfrikaBurn - Tankwa Karoo	29 April 2019 - 5 May 2019

Note: Tourism of the Hantam Municipality is driven by the Namaqua District Municipality

Table 92: Tourism awareness/events

CHAPTER 3: SERVICE DELIVERY

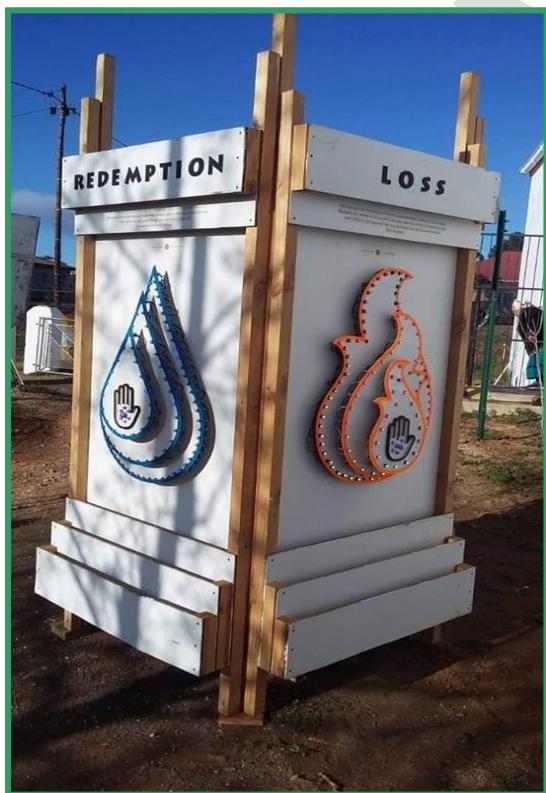
PERFORMANCE



3.15.5 Tourism Highlights



Picture:10 *Winners of the National Riel dancing competition*



Picture:11 *AfrickaBurn youth outreach programme: Art sculptures showcase: Loeriesfontein Museum and Nieuwoudtville Botanical gardens*

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.15.6 Employees: LED

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	1	0	0	0	0
4 - 6		0	0	0	0
7 - 9		1	0	1	100
10 - 12		1	1	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	1	2	1	1	100

Table 93: Employees: LED

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes:

- Libraries
- Cemeteries
- Social programmes

3.16 LIBRARIES

The library service ensures the provision of library and information services to communities in a sustainable manner. Libraries and community library projects maintain and develop information resources and other skills programmes. Libraries develop organised systems with other relevant government departments to enhance service delivery to our communities.

The Municipality provide library services in Calvinia, Loeriesfontein, Nieuwoudtville, Brandvlei, Middelpos and Swartkop.

3.16.1 Highlights: Libraries

The table below gives a brief description of all the highlights for libraries during the 2018/19 financial year:

Highlight	Description
Educational programmes ranging from Grade R to the elderly	Programmes were conducted with all people during the year. Ranging from arts classes, drug preventing classes, to food courses to enrich the community and many more
Scholar assistance	Staff assisted children with the completion of assignments by providing research tools (books, internet, etc.)
Public internet	Staff assisted children and adults with the use of public internet
3 rd African public libraries summit	This conference was presented on 3 - 4 July 2018 in Durban. Belinda Farmer, Assistant Librarian at Loeriesfontein library, was selected by the Department Sports, Arts and Culture (DSAC) to attend this conference as a representative of the Northern Cape
New computers	DSAC installed new computers in Brandvlei, Calvinia, Loeriesfontein and Nieuwoudtville libraries and X-boxes for children in Calvinia and Loeriesfontein libraries, as part of the Mzansi Online project
Library for the blind	Calvinia library was selected by DSAC as one of the pilot libraries where a library for the blind can be installed. Some of the equipment were already received. This project will be finished in 2019/2020
Khobab Wind Farm and Municipal water treatment	The ladies group of the Loeriesfontein Library was privileged to visit the Khobab Wind Farm and the Hantam Municipal water treatment works

Table 94: Libraries highlights

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.16.2 Events/ Activities: Libraries



Picture:12 Library for the blind



Picture:13 Photo 1: Storytelling and reading to Grade 2; Photo 2: Africa Day storytelling to Grade 1

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:14 Mzansi online project: Computers and X-boxes installed in all libraries



Picture:15 Photo 1: Library services staff attending the National workshop for Library Grant; Photo 2: Recycling demonstration to the elderly on how to re-use recyclable products

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:16 Library staff takes learners to visit the Desalination Plant in Loeriesfontein

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.16.3 Challenges: Libraries

The table below gives a brief description of the challenges for libraries for the 2018/19 financial year:

Challenge	Corrective action
Outdated books	The District Library must provide new books, but that does not happen very often due to unforeseen circumstances
Limited access to Afrikaans books	Provincial Treasury should purchase many Afrikaans books so that the District Library can supply the public libraries with Afrikaans books
Slow internet connection	This problem is currently being solved by DSAC in the Northern Cape as it is their responsibility. DSAC signed a contract with Vodacom and this process will hopefully be finalised by the end of August/September 2019
Shortage of money	The grant for libraries supplied by National is by far not enough to provide for all the needs of the libraries. Letters were written to Provincial government to address this major problem. The Municipality is awaiting feedback before this matter can be addressed

Table 95: Libraries challenges

3.16.4 Service Statistics - Libraries

The table below gives the service statistics of libraries in the municipal area:

Type of service	2017/18	2018/19
Libraries		
Number of libraries	6	6
Library members	2 981	3 352
Books circulated	53 313	55 967
People visiting the Libraries	42 848	42 489
Books lost	71	
Internet users – number of computers	522 - 14	2 973/26
New library service points or Wheelie Wagons	6	6
Children programmes	Weekly	Weekly
Visits by school groups and crèches	Weekly	Weekly
Book group meetings for adults	Monthly	Monthly

Table 96: Service statistics -Libraries

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.16.5 Employees: Libraries

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18 Employees	2018/19			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number				%	
0 - 3	9	0	0	1	0
4 - 6		4	4	0	0
7 - 9		4	4	1	400
10 - 12		1	1	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	9	9	9	2	400

Table 97: Employees: Libraries

3.17 CEMETERIES

There are 8 cemeteries in the Hantam area that resort under the jurisdiction of the Municipality and 2 additional cemeteries that belong to churches.

A number of historical graves were discovered in the Akkerendam Nature Reserve and a process was started to declare it as a heritage site. The Department of Sport and Culture was informed and Hantam awaits their recommendation on the outcome of the investigation.

Hantam Municipality is also working together with the CWP team to ensure that the cemeteries get cleaned on a regular basis in all towns within Hantam Municipal Area.

3.17.1 Challenges: Cemeteries

The table below gives a brief description of the cemeteries challenges during the 2018/19 financial year:

Challenge	Corrective action
Brandvlei cemetery is almost full	<p>The Municipality is currently investigating different options:</p> <ul style="list-style-type: none"> ✿ Moving the fence would be a good option since there is still space available. Identification of land to establish a new cemetery

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Challenge	Corrective action
Vandalism of graves, fencing and theft of poles at the Calvinia-East cemetery	Request local police for more frequent patrolling at all cemeteries to discourage vandalism and theft at the cemeteries
Completed burial registers for Middelpos, Calvinia and Brandvlei.	Funding should be sourced or budget for compilation of burial registers

Table 98: Cemeteries

3.18 SOCIAL PROGRAMMES

The aim of social programmes is to: -

- Address problems and poverty identified in the community
- Commemorate special public days
- Enhance good communication

The following special programmes were executed during the 2018/19 financial year:

Description of programmes	Date of program	Target group
Mandela Day Celebrations	July 2018	All
Pauper Burial	Ongoing	Disadvantaged
Women's Day Celebrations	August 2018	Women
Donation: Learner	August 2018	Children
Donation: Transport	Ongoing	Children and youth
Donation: Interdenominational Youth	Ongoing	Youth
Donation: School Shoes	August 2018	Children
Donation: School Uniform	Ongoing	Children
School Cross-Country Hantam High School	August 2018	Children
Donation: Rugby Test Matches	October 2018	Children and youth
Donations: Food Parcels	Ongoing	Disadvantaged
Donations: Rieldans	October 2018	Children and youth
Donations: WOW Spelling Bee	October 2018	Children
Sonskyn Service Centre	October 2018	Elderly
Diploma Ceremony	October 2018	Children and youth
United Reformed Church Choir Donations	October 2018	Children and youth

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Description of programmes	Date of program	Target group
Soccer Tournament	October 2018	Children and youth
Hantam Laerskool	October 2018	Children
Laerskool Brandvlei	October 2018	Children
Donations: Club Rugby	Ongoing	Youth
Christmas: Hantam Municipality	November 2018 December 2018	All
Assistance with Electricity Box	Ongoing	Elderly
Christmas Projects	December 2018	All
Student Registration Fees	Ongoing	Youth
Calvinia High School Rugby	February 2019	Children and youth
Sport: Schools Athletics	March 2019	Children and youth
Sport: Netball	April 2019	Children and youth
Neo Design Marketing Material	April 2019	N/A
AGS Sunday School	April 2019	Children
Mandela Day Preparations	May 2019	All

Table 99: Special programmes executed during 2018/19



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes:

- Pollution control
- Biodiversity
- Landscape

According to Section 156(2) of the Constitution, a municipality may make and administer by-laws for the effective administration of matters that it has the right to administer. Air pollution is listed as a matter in which local government has authority and national and provincial government may not compromise or impede a municipality's right to exercise its powers or perform its functions.

3.19 POLLUTION CONTROL

Air pollution control is not a function of the municipality, but a function performed by the district municipality.

3.20 BIO-DIVERSITY, LANDSCAPE AND OPEN SPACES

The municipal area includes three of the seven biomes present in the Northern Cape Province, i.e. the Fynbos, Succulent Karoo and Nama-Karoo biomes and, also in a provincial context, the following centres of endemism: Succulent Karoo, Knersvlakte, Hantam-Roggeveld and Cape Floristic region. These centres, all located in the most westerly segment of the municipal area, serve as biodiversity priority areas. This western segment includes the Oorlogskloof Nature Reserve as protected area and the Greater Cederberg Biodiversity Corridor conservation initiative — an initiative aiming to maintain or restore connectivity across the landscape (and provincial boundaries). The other significant protected area is the Tankwa Karoo National Park in the south eastern corner of the municipal area. We also acknowledge the initiative by the South African Radio Astronomy Observatory to commission a report on the 'desired state' of the SKA National Park Management Plan as first step towards establishing a national park within an area still to be determined.

COMPONENT F: SECURITY AND SAFETY

This component includes:

- Traffic, law enforcement and licensing
- Fire
- Disaster management
- Aerodrome (Airfield)

The function of security and safety is to provide a safe environment for the residents of the Hantam and to ensure the safety of the personnel of the Municipality through effective and efficient operationalization of all relevant plans in conjunction with public safety.

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Namakwa District Municipality delivers fire fighting services throughout the area with the Hatam Municipality's assistance. All towns do have firefighting equipment available.

Disaster management is a district function and the Namakwa District Council maintains a District Disaster Management Centre. HM has appointed its Chief of Traffic Services as its Disaster Manager and co-operates closely with the District Disaster Management Centre.

The aim of law enforcement in a municipality is to create an environment that will further the social and economic development of the community. Through law enforcement services the Municipality ensures that individuals and their families are safe. Law Enforcement Officers are deployed in the municipal area to ensure that by-laws are enforced in the municipal area. An officer of Traffic is currently fulfilling the duties of law enforcement.

3.21 TRAFFIC, SECURITY AND LICENSING

The aim and function of the Traffic Department is to educate and create a culture of voluntary compliance with road traffic rules and regulations and to enhance courteous and tolerant road user behaviour. HM has an operational traffic department comprising of driver licensing, traffic law enforcement, vehicle testing and motor vehicle registration. Renewal of licenses was shifted to the Post Office.

The main priorities are:

- The testing of applicants for driver's licenses, learner's licenses and the application and renewal of professional driving licenses.
- The registration of motor vehicles.
- The promotion of road safety and law enforcement.
- Operating of the vehicle testing centre.

3.21.1 Highlights: Traffic, security and licensing

The table below give a brief description of the highlights for traffic, security and licensing during the 2018/19 financial year:

Highlight	Description
Upgrade and opening of vehicle testing station	Installation and upgrade of vehicle testing equipment as per SABS standards
Opening of the testing station	Opening letter from the Provincial Inspectorate

Table 100: Traffic, security and licensing highlights

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Picture:17 Vehicle testing station

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.21.2 Challenges: Traffic, security and licensing service delivery levels

The table below gives a brief description of the traffic, security and licensing challenges during the 2018/19 financial year:

Challenge	Corrective action
Opening of Vehicle Testing Station	Appointment of a new Management representative
Testing of more Driving Licenses	Appointment of Examiner of Driving Licenses
Conduct more Roadworthy Tests	Appointment of Vehicle Examiner
Relief Personnel for E-natis, License & Vehicle Testing	Need to appoint relevant Officers to assist

Table 101: Traffic, security and licensing challenges

3.21.3 Service Statistics – Traffic, security and licensing

Details	2017/18	2018/19
	Actual no.	Actual no.
Number of road traffic accidents during the year	9	7
Number of infringements attended	0	0
Number of traffic officers in the field on an average day	2	1
Number of traffic officers on duty on an average day	2	1
Number of driver's licenses issued	70	1251
Number of learner's licenses processed and issued	306	252
Number of motor vehicle license transactions	144	740
Number of road signage erected	311	98
Number of fines issued for traffic offences	327	146
R-value of fines collected	0	39 984
Number of roadblocks held	15	6
Special escorts	11	11
Awareness initiatives on public safety	16	0

Table 102: Service data for traffic, security and licensing

3.21.4 Employees: Traffic, security and licensing

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
0 - 3	4	0	0	0	0

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				Number	
4 - 6		1	1	0	0
7 - 9		1	1	0	0
10 - 12		6	5	1	600
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	4	8	7	1	600

Table 103: Employees: Traffic, security and licensing

COMPONENT G: SPORT AND RECREATION

This component includes:

- Community halls
- Swimming pools
- Caravan park
- Nature reserve
- Sport grounds

3.22 COMMUNITY HALLS

Community halls are maintained and available in Calvinia, Loeriesfontein, Brandvlei and Nieuwoudtville.

Cleaning and minimum maintenance are done at all the community halls. These halls are used by the community for gatherings and social activities with friends and family.

3.22.1 Highlights: Community halls

The table below give a brief description of the highlight for community halls during the 2018/19 financial year:

Highlight	Description
Furniture (chairs & tables) for community halls in Hantam	<ul style="list-style-type: none"> • 400 new chairs and 40 table slabs were bought for the community halls • 40 table stands were constructed locally in Nieuwoudtville

Table 104: Community halls highlights

3.22.2 Challenges: Community halls

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



The table below gives a brief description of the community halls challenges during the 2018/19 financial year:

Challenge	Corrective action
Vandalism of buildings and fencing	Installation of security cameras and security services will also be acquired to fight vandalism of sport fields in HM area
Maintenance of community halls is lacking	<ul style="list-style-type: none">✿ Due to lack of personnel the upkeep and maintenance community halls are lacking. Request for more vacancies for personal at community halls will be made✿ The upgrade of Lenie Skippers and Tromp Nel Halls are included in the budget for 2019/20

Table 105: Community halls challenges

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.22.3 Employees: Community halls

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
				Number	
0 - 3	4	4	4	1	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	4	4	4	1	0

Table 106: Employees: Community halls

3.23 SWIMMING POOLS

Due to the shortage of water in Calvinia the swimming pool is closed. The only town with a caravan park and swimming pool is Nieuwoudtville that is used by all the communities in the Hantam. During the summer season the pool is always full of visitors as well as off season with private bookings for parties at the swimming pool or tourists visiting during the flower season. The beautiful natural scenery where the swimming pools are situated adds to its allure for visitors who like to pose for the camera and posting on social media.

3.23.1 Highlights: Swimming pools

The table below give a brief description of the highlight for swimming pools during the 2018/19 financial year:

Highlight	Description
One swimming pool operational in Nieuwoudtville	The swimming pool in Nieuwoudtville is usually full of visitors during summer and get private bookings during the off seasons

Table 107: Swimming pools

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.23.2 Challenges: Swimming pools

The table below give a brief description of the swimming pool challenges during the 2018/19 financial year:

Challenge	Corrective action
Water shortage	Alternative sources of water should be investigated
Maintenance of ablution facilities and other structures	A maintenance plan will be drafted to asses major and minor maintenance needs and submitted for budget inputs and allocations
Swimming pools for other towns in Hantam Municipality	Business plans for alternative sources of water, as well as project plans for funding for the construction of swimming pools in towns where pools are not yet established, should be drafted and submitted

Table 108: Swimming pools challenge

3.23.23 Service Statistics – Swimming pools

A total amount of **R22 974** was collected for swimming pool tickets sold for the 2018/19 financial year.

3.24 CARAVAN PARK

A caravan park is operated in Nieuwoudtville and is popular during the flower season and December holidays. The caravan park is situated near the swimming pool and the local dam which adds to its attraction for visitors and approximately 10Km's away from the Nieuwoudtville Nature Reserve which also attracts many visitors throughout the year. There are 16 camping sites equipped with braai facilities including a source for lights (*power outlet*) for each one.

3.24.1 Highlights: Caravan park

The table below give a brief description of the highlights for caravan parks during the 2018/19 financial year:

Highlight	Description
High number of campers during the flower season	Despite a decrease in flower growth loyal tourists still pack to visit
Ablution as well as electricity/ power outlets are available onsite	Fully functional showers with warm water and toilets are available for campers, as well as electricity/ power outlets at each camping site
Maintenance of ablution facilities and other structures	Maintenance is done on a regular basis with more work to be finished before the flower season starts

Table 109: Caravan park highlight

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.24.2 Challenges: Caravan park

The table below gives a brief description of the caravan park challenge during the 2018/19 financial year:

Challenge	Corrective action
Upgrade of facilities	A project plan was submitted to the Department of Environmental Affairs for funds but new sources of funding are also being explored

Table 110: Caravan park challenge

3.24.3 Service statistics – Caravan park

Caravan site reservations generated no revenue during the 2018/19 financial year.

3.25 NATURE RESERVES

The Akkerendam Nature Reserve is situated in Calvinia and is a popular recreation facility for residents. Hiking trails have been developed in the Hantam Mountains and various routes with different levels of difficulty can be hiked. Springbok kept in the nature reserve provide a handy source of revenue. Nieuwoudtville has a flower bulb reserve managed by the Municipality that is very popular during the peak flower season. In fact, it is just as popular as the waterfall on the road between Nieuwoudtville and Loeriesfontein.

3.25.1 Highlights: Nature reserves

The table below give a brief description of the highlights for the nature reserves during the 2018/19 financial year:

Highlight	Description
Regular tourist visits to the flower bulb reserve and waterfall	The regular tourists have not been swayed by a decrease in flowers to be viewed or less water at the waterfall for the 2018/19 financial year and continued to support these tourist attractions
Plenty of visitors	During the flower season at Akkerendam Nature Reserve attracts a lot of visitors. An increase in visitors have also been noted during the Vleisfees weekend
Development potential	A project plan was submitted to the Department of Environmental Affairs for funds but new sources of funding are also being investigated
Historical graves	A number of historical graves were discovered within Akkerendam Nature Reserve which could become a tourism attraction once it is declared as a heritage site

Table 111: Nature reserves highlights



CHAPTER 3: SERVICE DELIVERY

PERFORMANCE

3.25.2 Challenges: Nature reserves

The table below give a brief description of the nature reserves challenge during the 2018/19 financial year:

Challenge	Corrective action
Low rainfall caused fewer flowers to grow	No corrective action is available as the flowers are reliant on the rainfall
Monitoring or gate control and maintenance staff	Project plan needs to be designed for appointment of personnel at flower bulb reserve and waterfall
Funding for development of Akkerendam Nature Reserve as an alternative source of revenue.	Source funding to develop Akkerendam Nature Reserve from the Department of Economic Development and Tourism and relevant stakeholders

Table 112: Nature reserves challenges

3.25.3 Service Statistics – Nature reserves

Admission tickets sold at the Flower Bulb Reserve (Nieuwoudtville) and Waterfall (Nieuwoudtville) generated A total revenue of R100 780 during the 2018/19 financial year.

3.26 SPORT GROUNDS

Sport fields are available in all towns of the Hantam Municipal Area.

The shortage of water resulted in only Nieuwoudtville being able to afford grassed pitches. Due to scarcity of water resources in Brandvlei, Calvinia and Loeriesfontein the soccer/ rugby pitches cannot be grassed.

3.26.1 Highlights: Sport grounds

The table below gives a brief description of the sport grounds highlights during the 2018/19 financial year:

Highlights	Description
Upgrading of Loeriesfontein sport ground	The upgrade of all sports facilities to multi-purpose courts were completed during July 2018

Table 113: Sport grounds highlights

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Picture:18 Upgraded sportsgrounds

3.26.2 Challenges: Sport grounds

The table below gives a brief description of the sport grounds challenges during the 2018/19 financial year:

Challenge	Corrective action
Vandalism of fencing and buildings	Installation of security cameras and security services will also be acquired to fight vandalism of sport fields in Hantam Municipality
Water shortages in most of the towns	Alternative sources of water should be looked at in conjunction with the Department of Water Affairs

Table 114: Sport grounds challenge

3.26.2 Employees: Sport grounds

The table below indicates the number of staff employed by the Unit:

Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
0 - 3	1	1	0	1	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12		0	0	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number					%
19 - 20		0	0	0	0
Total	1	1	0	1	0

Table 115: Employees: Sport ground

COMPONENT H: CORPORATE POLICY, OFFICES AND OTHER SERVICES

This component includes:

- Executive and Council
- Financial Services
- HR

3.27 EXECUTIVE AND COUNCIL

Executive and Council includes the:

- Mayor
- Councillors
- Office of the Municipal Manager

3.27.1 Highlights: Executive and Council

The table below gives a brief description of all the highlights for Executive and Council during the 2018/19 financial year:

Highlight	Description
Council meetings	Regular monthly Council meetings were held – attendance 100%
Council meets the People	Meetings rotated in the Hantam Municipality and was held in all 5 wards
Ward committee meetings	4 ward committees were fully functional
Performance agreements	Performance agreements were signed by the Municipal Manager and all senior managers reporting to the Municipal Manager
Effective Service Delivery	No service delivery protest during 2018/19
Taxi Rank	Construction of taxi rank in Dr Nelson Mandela Drive in CBD, Calvinia

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Highlight	Description
Functional Committees of Council	<ul style="list-style-type: none"> • MPAC was fully functional and held regular meeting • Disciplinary Board held one meeting during 2018/19 (13/06/2019) • Regular Local Labour Forum meetings held • Audit, Performance & Risk Committee held meetings regularly (27/08/2018; 04/12/2018; 20/03/2019; 13/06/2019) • Training Committee members were appointed 28 June 2018 for the 2018/19 financial year and held meeting 06 August 2018 • Health and Safety Committee members were appointed March 2019 and received training • IDP & Budget Steering Committee held two meetings in November 2018 and May 2019 • Street Naming Committee held meetings as required and renamed Hoop Street to Dr Nelson Mandela Drive and Voortrekker Street to Albertina Sisulu Avenue

Table 116: Executive and Council highlights

3.27.2 Challenges: Executive and Council

The table below gives a brief description of Executive and Council challenges during the 2018/19 financial year:

Challenge	Corrective action
Functionality of ward committee in Ward 5 (10 vacant positions)	<ul style="list-style-type: none"> • Council dissolved the Loeriesfontein Ward Committee in May 2018 and new committee will be established after the by-election • Ward Councillor resigned after the National and Provincial Election on 07 May 2019 and a new Ward Councillor will be elected during August 2019
Council committees not functional	<ul style="list-style-type: none"> • Employment Equity Committee will be established in new financial year.
Council chambers and proper equipment for recording of meetings	<ul style="list-style-type: none"> • Financial constrains for building • Budget for equipment in the 2019/20 and for multi year period

Table 117: Executive and Council challenges

3.27.3 Employees: Executive and Council

The table below indicates the number of staff employed by the Unit:

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job Level	2017/18	2018/19			
(T-grade)	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Number				%	
0 - 3	3	0	0	0	0
4 - 6		0	0	0	0
7 - 9		4	4	1	0
10 - 12		2	1	1	200
13 - 15		1	1	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	3	7	6	2	200

Table 118: Employees: Executive and Council

3.28 FINANCIAL SERVICES

Financial services include:

- Budget and treasury control
- Expenditure management
- Income management
- Supply Chain Management

Sound financial management practices are essential to the long-term sustainability of the Municipality. It underpins the process of democratic accountability. The key objectives of the MFMA is to modernise municipal financial management in South Africa to lay a sound financial base for the sustainable delivery of services. The management of key financial and governance areas is achieved by focussing on reducing the levels of outstanding debt owed to the Municipality, to assist with service delivery spending and maintaining a healthy cash flow and maintaining an unqualified audit for the Municipality by resolving audit findings and improving financial governance.

Debt recovery						
Details of the types of account raised and recovered	2017/18			2018/19		
	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
	R	%		R	%	
Property rates	8 387	5 767	68.76	8 783	8 421	95%

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Details of the types of account raised and recovered	Debt recovery					
	2017/18			2018/19		
	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
	R	R	%	R	R	%
Electricity	14 254	13 462	94.44	28 527	23 693	83%
Water	9 749	4 720	48.42	11 062	11 474	103%
Sanitation	6 026	3 125	51.86	6 533	6 239	95%
Refuse	6 599	2 782	42.16	6 944	6 997	100%

Table 119: Service standards for Financial services

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.28.1 Highlights: Financial Services

The table below gives a brief description of all the highlights for financial services during the 2018/19 financial year:

Highlight	Description
Standard operating procedures	Implemented within the financial year
Yearly tenders implemented	Hantam adopted a yearly tender system to curb irregular expenditure
Creditors	Arrangements was made with SALGA and AG
New valuation roll	To be adopted as from 1 July 2019

Table 120: Financial Services highlight

3.28.2 Challenges: Financial Services

The table below gives a brief description of the Financial Services challenges during the 2018/19 financial year:

Challenge	Corrective action
Outstanding debtors	A debt collecting committee was established during 2018/19 to discuss all individual debtor challenges. The Municipality has also appointed a debt collection service provider to collect outstanding debt
Cash flow	The Municipality adopted a cost containment policy as prescribed by national Treasury and strict measures are put in place to reduce expenditure. Ongoing discussions with Trade Unions regarding payments of staff bonuses spreaded across the financial year (e.g. in month of birthday)

Table 121: Financial Services challenges

3.28.3 Employees: Financial Services

The table below indicates the number of staff employed by the Unit:

Job Level (T-grade)	2017/18 Employees	2018/19			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	22	0	0	0	0
4 - 6		8	8	0	0
7 - 9		6	6	0	0
10 - 12		10	10	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Job Level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
Total	22	24	24	0	0

Table 122: Employees: Financial services

3.28.4 Capital expenditure – Financial Services

The table below indicates the amount that was actually spent on financial services projects for the 2018/19 financial year:

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
	(R)			
Office equipment	480 000	480 000	353 979	126 021
Total	480 000	480 000	353 979	126 021

Table 123: Capital expenditure 2018/19: Financial services

3.29 HR

The HR Unit resort under the Department of Finance Corporate Services and is responsible for the following functions:

- HR Administration
- Recruitment and selection
- Legal services and labour relations
- Employment Equity
- Organisational structure and job evaluation
- Occupational Health and Safety
- Training and development
- Employee Assistance Programme (EAP)

The aim is to provide management with effective and efficient strategic advice and support regarding new and amended legislation, interpretation of policies, organizational change, sound labour relation practices and a healthy and safe environment.

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



3.29.1 Highlights: HR

The table below gives a brief description of all the highlights for HR during the 2018/19 financial year:

Highlight	Description
HR policies approved	<ul style="list-style-type: none"> ● Overtime Policy ● Private Work Policy ● Workplace Skills Plan April 2019
Filling of vacant position of divisional head infrastructure	The appointment of the divisional head infrastructure in May 2019 after the position was vacant since November 2017. This position is critical as it provides support to the Senior Manager: Technical and Community Services who already has the responsibility of two merged departments
Organizational structure	Organizational structure was adjusted and approved by Council to make provision for a proper Water Purification Division under Technical Services as required by the Department of Water and Sanitation specifications

Table 124: HR highlights

3.29.2 Challenges: HR

The table below gives a brief description of the HR challenges during the 2018/19 financial year:

Challenge	Corrective action
Recruitment and Selection Policy	To review in new financial year
Employment Equity Committee and EE Plan	Appointment of committee members compilation and implementation of the EAP in line with provincial statistics
Filling of HR Clerk	Position will be filled in the following financial year and is included in the budget for 2019/20
Vacancy of the Secretary to the Municipal Manager and Switchboard/Customer Care Operator	Positions will be filled in new financial year (2019/20).
No proper induction process	Proper induction process to be implemented
Finding suitably qualified individuals to be employed within rural Municipality	Review policy to advertise externally

Table 125: HR challenges

3.29.3 Employees: HR

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18 Employees	2018/19			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
		Number			%

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



0 - 3	2	0	0	0	0
4 - 6		0	0	0	0
7 - 9		1	0	1	100
10 - 12		2	2	0	0
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	2	3	2	1	34

Table 126: Employees:HR

3.30 CORPORATE SERVICES

The Corporate Services Unit resort under the Department of Finance and Corporate Services and is responsible for the following functions:

- HR
- Administration services
- IT services
- Record management
- Cleaning services
- Switchboard and customer care

The aim is to ensure effective and efficient administrative systems to enhance the Municipality's objectives.

3.30.1 Highlights: Corporate Services

The table below gives a brief description of the highlights for corporate services during the 2018/19 financial year:

Highlight	Description
Filling of vacant position of Divisional Head Infrastructure	The appointment of Divisional Head Infrastructure in May 2019 after the position was vacant since November 2017. This position is critical as it provides support to the Senior Manager: Technical and Community Services who already has the responsibility of two merged departments
Service delivery complaints	<ul style="list-style-type: none"> • Complaints register in place to address and monitor complaints • A policy for Complaints Management will be adopted in 2019/20 financial year
Organizational structure	Organizational structure was adjusted and approved by Council to make provision for a proper Water Purification Division under Technical Services as required by the Department of Water and Sanitation specifications

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Table 127: Corporate services highlights

3.30.2 Challenges: Corporate Services

The table below gives a brief description of the corporate services challenges during the 2018/19 financial year:

Challenge	Corrective action
Transport Policy	To be reviewed in the new financial year
Employment Equity Committee and EE Plan	<ul style="list-style-type: none"> • Appointment of Committee members. • Compilation and implementation of the EAP in line with Provincial Statistics
Filling of HR clerk	Position will be filled in the new financial year as it is included in the budget for 2019/20
Vacancy of Secretary of the Municipal Manager and Switchboard/Customer Care Operator	Positions will be filled in the new financial year
Vacancy of Divisional Head: Traffic and Disaster Management	Position will be filled in the 2019/20 financial year
Outdated ICT infrastructure	Will be addressed through implementation of the 2019/20 budget
Outdated Telephone System	Will be addressed through implementation of the 2019/20 budget
Electronic Archive System	Will be addressed through implementation of Budget 2019/21

Table 128: Corporate services challenges

3.30.3 Employees: Corporate Service

The table below indicates the number of staff employed by the Unit:

Job level (T-grade)	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	9	6	6	0	0
4 - 6		1	1	0	0
7 - 9		1	1	0	0
10 - 12		3	2	1	300
13 - 15		0	0	0	0
16 - 18		0	0	0	0
19 - 20		0	0	0	0
Total	9	11	10	1	300

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Table 129: Employees: Corporate services

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

3.31 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2019/20

The main development and service delivery priorities for 2019/20 forms part of the Municipality's Top Layer SDBIP for 2019/20 and are indicated in the tables below:

3.31.1 Development and transformation of the institution

Ref	KPI	Unit of measurement	Ward	Annual target
TL10	Percentage of people from employment equity target groups that will be appointed in the three highest levels of management during the 2018/19 financial year in compliance with the municipality's approved employment equity plan	% of people that will be appointed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	66%
TL11	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 ((Total Actual Training Expenditure/ Total personnel Budget) x100))	(Total expenditure on training/total personnel budget)/100	All	0.01%
TL15	Limit vacancy rate to 20% of funded post by 30 June 2019 {((Number of funded posts vacant divided by budgeted funded posts) x100)}	(Number of funded posts vacant divided by budgeted funded posts) x100	All	20%
TL16	Review the Workplace Skills Plan and submit plan to the LGSETA by 30 April 2019	Workplace Skills Plan submitted to LGSETA by 30 April 2019	All	95%
TL17	95% of the ICT capital budget spent by 30 June 2019 {((Actual capital expenditure divided by the total approved capital budget) x100)}	% of the ICT capital budget spent by 30 June 2019	All	1
TL18	Purchase a cabinet for SPLUMA by 30 June 2019	Cabinet purchased by 30 June 2019	All	90%
TL43	90% of the budget spent for office furniture for the WWTW (Technical Department) by 30 June 2019	Percentage of budget spent by 30 June 2019	All	90%

Table 130: Service delivery priorities for 2019/20: Development and transformation of the institution

3.31.2 Facilitate economic development

Ref	KPI	Unit of measurement	Ward	Annual target
TL21	Review the LED strategy with an implementation plan and submit to Council by 30 June 2019	LED strategy reviewed with an implementation plan and submitted to Council by 30 June 2019	All	1

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Ward	Annual target
TL27	Create job opportunities i to EPWP by 30 June 2019	Number of job opportunities created by 30 June 2019	All	150
TL38	Draft a Recruitment Policy for EPWP and submit to Council by 31 December	Policy drafted and submitted to Council by 31 December 2018	All	1
TL41	90% of the budget spent for construction of new office for EPWP personnel by 30 June 2019	Percentage of budget spent by 30 June 2019	1;2	90%

Table 131: Service delivery priorities for 2019/20: Facilitate economic development

3.31.3 Maintain a financially sustainable and viable municipality

Ref	KPI	Unit of measurement	Ward	Annual target
TL12	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2019 {Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant}	% Debt coverage as at 30 June 2019	All	1%
TL13	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2019 {Net Service debtors to revenue – (Total outstanding service debtors minus provision for bad debt)/ (revenue received for services) x100}	% outstanding service debtors at 30 June 2019	All	14%
TL14	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2019 {Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))}	Cost coverage ratio as at 30 June 2019	All	0.6

Table 132: Service delivery priorities for 2019/20: Maintain a financially sustainable and viable municipality

3.31.4 Promote good governance and public participation

Ref	KPI	Unit of measurement	Ward	Annual target
TL19	Develop a Risk Based Audit Plan and submit to the audit committee for consideration by 30 June 2019	Risk Based Audit Plan developed and submitted to the audit committee by 30 June 2019	All	1
TL20	Compile the final IDP review and submit to council by 31 May 2019	Final IDP review submitted to council by 31 May 2019	All	1

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Ward	Annual target
TL22	Compile the draft IDP review for 2019/20 and submit to council by 31 March 2019	Draft IDP review for 2019/20 submitted to council by 31 March 2019	All	1
TL23	Compile the draft Annual Report for 2018/19 and submit to council by 31 January 2019	Draft Annual Report for 2018/19 submitted to council by 31 January 2019	All	1
TL24	Compile the final Annual Report for 2018/19 and submit to council by 31 March 2019	Final Annual Report for 2018/19 submitted to council by 31 March 2019	All	1
TL25	Submit the oversight report on the Annual Report to council by 31 March 2019	Oversight Report for 2018/19 submitted to council by 31 March 2019	All	1
TL26	Review the Internal Audit Charter and Audit Committee Charter and submit to the Audit Committee by 30 June 2019	Internal Audit Charter and Audit Committee Charter submitted to the Audit Committee by 30 June 2019	All	1

Table 133: Service delivery priorities for 2019/20: Promote good governance and public participation

3.31.5 Enhance Infrastructure Development and Basic Service Delivery

Ref	KPI	Unit of measurement	Ward	Annual target
TL1	Number of formal residential properties that which are billed for water or have pre-paid meters that is connected to the municipal water infrastructure network as at 30 June 2019	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2019	All	4 597
TL2	Number of formal residential properties which are billed for electricity or have pre-paid meters as at 30 June 2019 (excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters as at 30 June 2019 (Excluding Eskom areas)	All	2 430
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	4 597
TL4	Number of formal residential properties which are billed for refuse removal as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	4 597
TL5	Provide free basic water to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic water as at 30 June 2019	All	2 217
TL6	Provide free basic electricity to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic electricity as at 30 June 2019	All	2 217
TL7	Provide free basic sanitation to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic sanitation as at 30 June 2019	All	2 217

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Ward	Annual target
TL8	Provide free basic refuse removal to indigent households earning less than R4740 as at 30 June 2019	Number of households receiving free basic refuse removal as at 30 June 2019	All	90%
TL9	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2019 (Actual amount spent on capital projects /Total amount budgeted for capital projects) X100	{Actual amount spent on capital projects /Total amount budgeted for capital projects} X100} by 30 June 2019	All	90%
TL28	Compile a complete burial register for Calvinia, Brandvlei and Middelpoort by 30 June 2019	Number of burial registers compiled by 30 June 2019	1;2;3;4	3
TL29	95% spent of the library operational conditional grant by 30 June 2019 { (Actual expenditure divided by the total grant received) x 100}	% of the library operational conditional grant spent by 30 June 2019 { (Actual expenditure divided by the total grant received) x 100}	All	95%
TL30	Limit unaccounted for electricity to less than 10% by 30 June 2019 {(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100}	% unaccounted for electricity by 30 June 2019	All	10%
TL31	Limit unaccounted for water to less than 15% by 30 June 2019 {(Number of Kiloliters Water Purified - Number of Kiloliters Water Sold) / Number of Kiloliters Water Purified} x 100}	% unaccounted for water by 30 June 2019	All	15%
TL32	Complete phase 1 for the upgrade of the bulk water supply network from Brandvlei to Romanskolk by 30 June 2019 [Phase 1 = Complete IRS, Appoint contractor/Commissioning of construction]	Phase 1 for the upgrade of the bulk water supply network completed by 30 June 2019	3	1
TL33	Complete phase 1 of the upgrade of the Calvinia sport ground by 30 June 2019 [Phase 1 = Irrigation with recycled waste water from WWTW (pumpstation) to Hantampark, Construction of 1.5km pipeline for waste water irrigation to Hantampark]	Phase 1 of upgrade completed by 30 June 2019	2	1
TL34	90% of the budget spent to upgrade of the roads in Brandvlei and Calvinia by 30 June 2019 (Actual expenditure /Total budget received) X 100 [Brandvlei: reseal of 1.2km of Burger Street; Calvinia: paving of 300m of Skema Street]	Percentage of budget spent by 30 June 2019	2;3	90%
TL35	Complete the study for the water supply from the Doringrivier to Calvinia by 30 June 2019	Study completed by 30 June 2019	2;3	1
TL36	100% spent of the budget for completion of the drilling of boreholes for Calvinia and Brandvlei in terms of the grant allocation	% spent on completion of project by 30 June 2019	1;2;3	1

CHAPTER 3: SERVICE DELIVERY

PERFORMANCE



Ref	KPI	Unit of measurement	Ward	Annual target
	received by 30 June 2019 [Calvinia - R ; Brandvlei- R]			
TL37	Complete the Waste Water Treatment Works in Brandvlei by 31 December 2018	Project completed by 31 December 2018	3	1
TL39	90% of the budget spent for street lights at Rooi- and Witwal erven by 30 June 2019	Percentage of budget spent by 30 June 2019	1;2	90%
TL40	90% of the budget spent for upgrades of one (1) toilet at Brandvlei workshop by 30 June 2019	Percentage of budget spent by 30 June 2019	3	90%
TL42	90% of the budget spent for furniture for community hall in Calvinia by 30 June 2019 [Purchase ten (10) tables and 200 chairs]	Percentage of budget spent by 30 June 2019	1;2	90%
TL44	90% of the budget spent for the construction of a bridge in Hantam by 30 June 2019	Percentage of budget spent by 30 June 2019	All	90%
TL46	90% of the budget spent for sewerage network – Tulp Street in Calvinia by 30 June 2019	Percentage of budget spent by 30 June 2019	2	90%

Table 134: Service delivery priorities for 2019/20: Enhance Infrastructure Development and Basic Service Delivery



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART I)

a) National KPI – Municipal transformation and organisational development

The following table indicates the Municipality's performance in terms of the national KPIs required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These KPIs are linked to the national key performance area – municipal transformation and organisational development.

KPA and Indicators	Municipal achievement
	2017/18
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	2
The percentage of a municipality's training budget actually spent on implementing its workplace skills plan	76.23%

Table 135: National KPIs: Municipal transformation and organisational development

KPA and Indicators	Municipal achievement
	2018/19
Percentage of people from employment equity target groups that will be appointed in the three highest levels of management during the 2018/19 financial year in compliance with the municipality's approved employment equity plan	66%
Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	3.38%
On request of the municipality these KPI's wording were changed for the 2018/19 financial year	

Table 136:

4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The HM as at 30 June 2019 employs 141 (excluding 39 vacant positions), including permanent officials as well as employees appointed on long term fixed contracts, who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of HR management is to render an innovative HR service that addresses both skills development and an administrative function.

4.1.1 Employment equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to the: "number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

a) Employment equity versus population

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Description	African	Coloured	Indian	White	Other	Total
Population numbers	1 059	17 944	130	2 370	0	21 505
% population	4.92%	83.44%	0.60%	11.03%	0	100%

Table 137: Employment equity population 2018/19 (Source: IDP 2019/20 (Quantec 2017))

b) Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	1	0	0	0	0	0	0	1
Senior management	0	1	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	0	4	0	2	0	5	0	1	12
Technicians	0	4	0	2	0	3	0	1	10
Community and clerical workers	0	23	0	0	0	22	0	1	46
Machinery and driver operators	0	18	0	0	0	0	0	0	18
General workers	0	42	0	0	0	16	0	0	58
Grand total	0	93	0	5	0	46	0	3	147

Table 138: Occupational levels -race

4.1.2 Vacancy rate

The approved organogram for the Municipality had **186** posts for the 2018/19 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 39 Posts were vacant at the end of 2018/19, resulting in a vacancy rate of 27%.

Below is a table that indicates the vacancies within the Municipality:

Per post level		
Post level	Filled	Vacant
MM and MSA section 57 and 56	3	0
Middle management	6	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	62	28
Unskilled and defined decision making	76	10
Total	147	39

Per functional level		
----------------------	--	--

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Per post level		
Post level	Filled	Vacant
Functional area	Filled	Vacant
Municipal Manager	9	3
Corporate Services	9	2
Financial Services	22	2
Community Services	21	11
Technical Services	86	21
Total	147	39

Table 139: Occupational levels – vacancy rate

4.1.3 Staff turnover rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the staff turnover rate within the Municipality. The staff turnover rate shows a decrease from **13%** in 2017/18 to **7%** in 2018/19.

The table below indicates the staff turnover rate over the last three years:

Financial year	Total no. of appointments at the end of each financial year	New appointments	No. of terminations during the year	Turn-over rate
2017/18	150	21	22	13%
2018/19	147	6	11	7%

Table 140: Staff turnover rate as at 30 June 2019

The table below shows a breakdown of the different categories of terminations and appointments:

Month	Appoint-ments	Promo-tions	Total	Retire-ments	Dismissals	Resignatio-n	Disabled	Death	Total
July 2018	0	0	0	0	1	0	0	0	1
August 2018	0	1	1	0	0	0	0	0	0
September 2018	1	0	1	1	0	1	0	0	2
October 2018	0	0	0	0	0	0	0	0	0
November 2018	4	1	5	1	0	2	0	0	3
December 2018	0	0	0	1	0	1	0	0	2
January 2019	0	0	0	0	0	0	0	0	0
February 2019	0	0	0	0	0	0	0	0	0
March 2019	0	1	1	0	0	0	0	0	0
April 2019	1	0	1	1	0	1	0	0	2

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Month	Appoint-ments	Promo-tions	Total	Retire-ments	Dismissals	Resigna-tions	Disabled	Death	Total
May 2019	0	0	0	0	0	0	0	0	0
June 2019	0	0	0	0	1	0	0	0	1
Total	6	3	9	4	2	5	0	0	11

Table 141: Termination categories

4.2 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

4.2.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

Injuries show a number of **10** employees for 2018/19 compared to the same amount of 9 employees for 2017/18.

Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

The table below indicates the total number of injuries within the different directorates:

Directorates	2017/18	2018/19
Municipal Manager	0	0
Corporate Services	0	0
Finance	1	1
Community Services	4	4
Technical Services	4	5
Total	9	10

Table 142: Injuries

4.2.2 Sick leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of sick leave taken during the 2018/19 financial year (**399**) shows an increase when compared with the 2018/19 financial year (420).

The table below indicates the total number sick leave days taken within the different directorates:

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Department	2017/18	2018/19
Municipal Manager	8	25
Corporate Services	41	14
Finance	62	71
Community Services	119	114
Technical Services	190	175
Total	420	399

Table 143: Sick leave

4.2.4 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies that was reviewed and workshopped during the 2018/19 financial year:

Name of policy	Date approved / reviewed
Overtime Policy (R19/03-19)	28/03/2019

Table 144: HR policies reviewed

4.3 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its HR capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the HR capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.3.1 Skills matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of employees that received training
MM and S57	Female	0	0
	Male	3	2
Legislators, senior officials and managers	Female	10	7
	Male	11	6
Associate professionals and technicians	Female	4	2
	Male	4	2
Professionals	Female	10	4
	Male	12	5
Clerks	Female	6	2

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Management level	Gender	Number of employees identified for training at start of the year	Number of employees that received training
	Male	8	2
Service and sales workers	Female	10	7
	Male	15	6
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	18	6
Elementary occupations	Female	16	4
	Male	20	12
Sub total	Female	56	26
	Male	91	41
Total		147	67

Table 145: Skills matrix

The following training was implemented:

Type of training	Details
Municipal Finance Management	Fachs
Water and Waste Water	Department Water and Sanitation
Payroll Training	Payday
MIG-MIS Training	COGHSTA
Training on Disciplinary Procedures	SALGA
Records Management	Department of Sports, Arts and Culture
Integrated Councillors Induction Program	SALGA
B Admin Honours	University of the Western Cape
Advanced Diploma Admin and Finance	University of the Western Cape
Advanced Diploma Admin	University of the Western Cape
Health and Safety Training	Safetech

Table 146: Details of training implemented

4.3.2 Skills development – training provided



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Skills Development Act (1998) and the MSA require employers to supply employees with the necessary training to develop its HR capacity. Section 55(1)(f) states that as head of the administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period	
			Skills programmes and other short courses	
			Actual	Target
Municipal Manager and senior managers	Female	0	0	0
	Male	3	2	3
Professionals	Female	6	4	6
	Male	6	5	6
Community and safety workers	Female	1	1	1
	Male	3	1	3
Technicians and trade workers	Female	4	2	4
	Male	6	6	6
Clerks	Female	10	3	10
	Male	10	2	10
Service and sales workers	Female	12	7	12
	Male	10	6	10
Plant and machine operators and assemblers	Female	0	0	0
	Male	18	6	18
Elementary occupations	Female	16	9	16
	Male	42	12	42
Sub total	Female	49	26	49
	Male	98	41	98
Total		147	67	147

Table 147: Skills development

4.3.3 Skills development - budget allocation

The table below indicates that a total amount of **R796 380** was allocated to the workplace skills plan and that **100%** of the total amount was spent in the 2018/19 financial year:

Total personnel budget	Total allocated	Total spent	% Spent
R38 447 807	R796 380	R796 380	100%

Table 148: Budget allocated and spent for skills development

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



LGSETA requires all municipalities to submit quarterly training reports with evidence of attendance in order to ensure that actual training is taking place in terms of the Skills Development Plan submitted for the 2018/19 financial year.

4.4 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.4.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past three financial years and that the municipality is well beneath the national norm of between 35 to 40%:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage
	R'000		%
2017/18	35 651	96 641	36.89
2018/19	37 005	93 253	40%

Table 149: Personnel expenditure

Below is an analysis of the personnel expenditure for the year under review:

Description	2018/19	2018/19
	Actual	Actual
	R	
Councillors (Political office bearers plus other)		
Salary	2 280 939	2 658 416
Cell phone allowance	368 700	365 306
Travel allowance	363 086	n/a
Subtotal - Councillors	3 012 725	3 023 722
% increase/(decrease)	10.76	0.365%
All municipal employees (excl. Councillors)		
Salary	31 44 818	29 142 060
Company contributions	2 433 967	6 113 672
Motor vehicle allowances	981 655	1 068 505
Housing benefits and allowances	390 655	475 953
Performance bonus	n/a	104 806
Overtime	1 104 599	1 184 584

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE



Description	2018/19	2018/19
	Actual	Actual
	R	
<i>Subtotal - All municipal employees (excl. councillors)</i>	35 651 095	38 089 580
<i>% increase/ (decrease)</i>	11.63	6.65%
Total municipality	38 663 820	41 113 302
<i>% increase/(decrease)</i>	11.56	6.35%

Table 150: Personnel expenditure



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE





CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2018/19 financial year:

Description	2017/18	2018/19			2018/19 Variance	
	Actual audited outcome	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Financial performance						
Property rates	8 388	8 833	8 784	8 421	(4.89)	(4.30)
Service charges	38 850	53 036	53 126	41 261	(28.54)	(28.76)
Investment revenue	2 208	1 946	1 886	3 322	41.41	43.21
Transfers recognised - operational	25 184	27 213	27 213	27 399	0.68	0.68
Other own revenue	3 339	3 613	4 403	11 178	67.68	60.61
Total revenue (excluding capital transfers and contributions)	77 969	94 642	95 413	91 582	(3.34)	(4.18)
Employee costs	38 847	41 314	39 390	35 494	(16.40)	(10.98)
Remuneration of councillors	3 032	3 255	3 084	3 103	(4.90)	0.59
Depreciation and asset impairment	8 997	8 042	7 159	12 903	37.67	44.51
Finance charges	2 787	2 186	2 201	4 477	51.18	50.83
Materials and bulk purchases	22 238	26 390	27 592	21 805	(21.03)	(26.54)
Transfers and grants	4	158	50	151	(4.65)	66.67
Other expenditure	25 399	32 032	34 228	30 943	(3.52)	(10.62)
Total expenditure	101 303	113 376	113 705	108 876	(4.13)	(4.44)
Surplus/(Deficit)	(23,334)	(18,735)	(18,293)	(17,294)	(8.33)	(5.78)
Transfers recognised - capital	89 981	61 837	59 617	69 844	11.46	14.64
Contributions recognised capital and contributed assets	0	0	0	0	0.00	0.00
Surplus/(Deficit) after capital transfers and contributions	66 647	43 102	41 324	52 550	17.98	21.36
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	89 981	61 837	59 617	69 844	11.46	14.64

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18	2018/19			2018/19 Variance	
	Actual audited outcome	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Public contributions and donations	0	0	0	0	0.00	0.00
Borrowing	0	0	0	0	0.00	0.00
Internally generated funds	0	0	0	0	0.00	0.00
Total sources of capital funds	89 981	61 837	59 617	69 844	11.46	14.64
Financial position						
Total current assets	19 104	30 733	17 574	16 990	(80.89)	(3.43)
Total non-current assets	318 461	356 770	356 154	336 570	(6.00)	(5.82)
Total current liabilities	64 723	16 479	9 864	31 531	47.73	68.71
Total non-current liabilities	47 012	48 621	64 236	65 890	26.21	2.51
Community wealth/Equity	225 830	322 403	299 627	256 140	(25.87)	(16.98)
Cash flows						
Net cash from (used) operating	101 092	67 024	49 526	44 171	(51.74)	(12.12)
Net cash from (used) investing	(94 401)	(62 203)	(61 480)	(53 986)	(15.22)	(13.88)
Net cash from (used) financing	(76)	(572)	15 043	(109)	(424.53)	13897.92
Cash/cash equivalents at the beginning of the year	6 615	4 249	3 089	(9 924)	142.82	131.13
Cash backing/surplus reconciliation						
Cash and investments available	7 321	22 779	9 619	2 454	(828.21)	(291.97)
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	7 321	22 779	9 619	2 454	(828.21)	(291.97)
Asset management						
Asset register summary (WDV)	283 676	356 770	356 154	336 570	(6.00)	(5.82)
Depreciation & asset impairment	10 033	8 042	7 159	12 903	37.67	44.51
Renewal of Existing Assets	0	0	0	0	0.00	0.00
Repairs and Maintenance	12 480	11 311	12 853	14 147	20.05	9.15
Free services						
Cost of Free Basic Services provided	6 108	6 482	6 531	7 510	13.69	13.04
Revenue cost of free services provided	0	0	0	0	0.00	0.00

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 151: Financial performance 2018/19



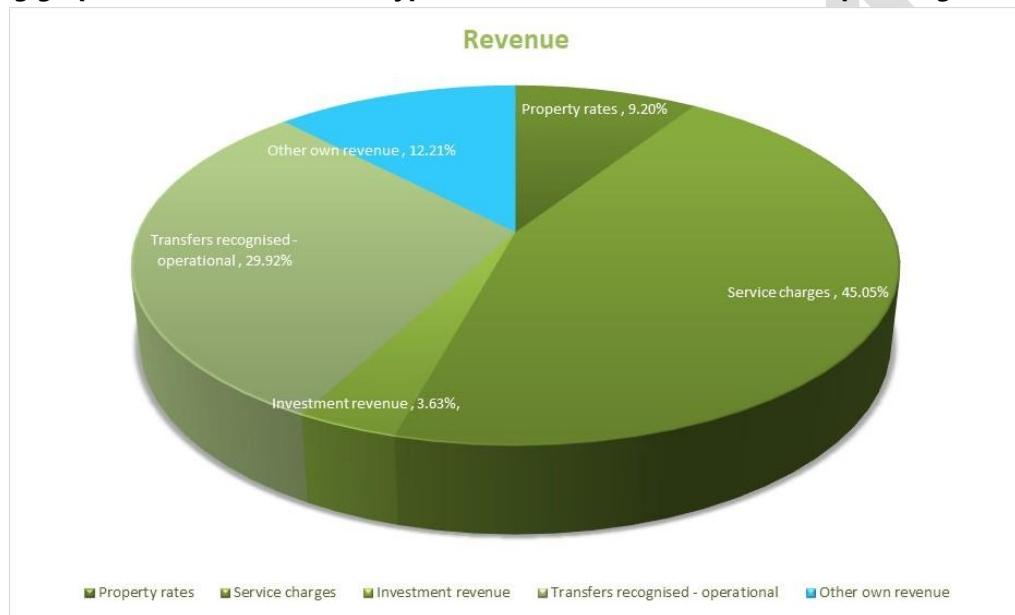
CHAPTER 5: FINANCIAL PERFORMANCE

The table below shows a summary of performance against budgets

Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2017/18	88 701	77 969	(10 732)	(12)	95 553	101 303	(5 750)	(6.00)
2018/19	95 413	91 582	(3 831)	(4)	113 705	108 876	4 830	4.00

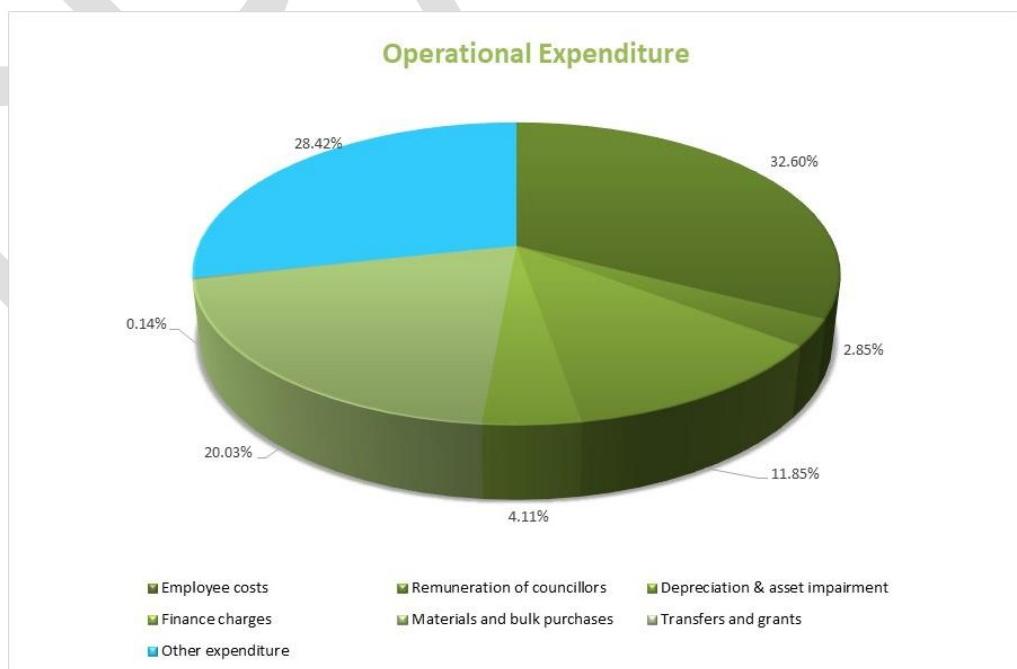
Table 152: Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2018/19:



Graph 6: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2018/19:



Graph 7: Operating expenditure

CHAPTER 5: FINANCIAL PERFORMANCE



5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2017/18	2018/19			2018/19 Variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000			%		
Vote 1 - Council General	(1 902)	(1 998)	(1 998)	(1 998)	0.00	0.00
Vote 2 - Municipal Manager	0	0	0	0	0.00	0.00
Vote 3 - Strategic Support Services	(14 689)	(15 732)	(16 372)	(16 438)	4.29	0.40
Vote 4 - Financial Services	(13 122)	(11 839)	(11 791)	(11 537)	(2.61)	(2.20)
Vote 5 - Community Services	(8 299)	(4 206)	(2 102)	(1 672)	(151.53)	(25.71)
Vote 6 - Technical Services	(13 344)	(124 988)	(125 055)	(127 560)	2.02	1.96
Total revenue by vote	(172 355)	(158 763)	(157 318)	(159 205)	0.28	1.19

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 153: Revenue by vote

5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2018/19 financial year:

Vote description	2017/18	2018/19			2018/19 Variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Property rates	8 388	8 833	8 784	8 421	(4.89)	(4.30)
Property rates - penalties and collection charges	0	0	0	0	0.00	0.00
Service charges - electricity revenue	26 701	28 527	28 527	23 766	(20.03)	(20.03)
Service charges - water revenue	6 982	11 063	11 063	11 677	5.26	5.26
Service charges - sanitation revenue	4 412	6 534	6 534	6 239	(4.72)	(4.72)
Service charges - refuse revenue	4 688	6 905	6 994	6 998	1.33	0.05
Service charges - other	0	0	0	0	0.00	0.00
Rentals of facilities and equipment	350	1 095	1 103	347	(215.63)	(217.76)
Interest earned - external investments	1 072	810	750	1 198	32.40	37.40
Interest earned - outstanding debtors	1 136	1 136	1 136	993	(14.42)	(14.42)
Dividends received	0	0	0	0	0.00	0.00
Fines	50	34	13	40	14.15	67.49
Licences and permits	1	0	158	157	100.00	(0.49)

CHAPTER 5: FINANCIAL PERFORMANCE



Vote description	2017/18		2018/19		2018/19 Variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Agency services	926	0	0	0	0.00	0.00
Transfers recognised - operational	2 518	27 213	27 213	19 794	(37.48)	(37.48)
Other revenue	2 013	2 490	5 426	8 689	71.34	37.56
Gains on disposal of PPE	0	0	0	0	0.00	0.00
Total revenue (excluding capital transfers and contributions)	59 236	94 641	97 701	88 320	(7.16)	(10.62)

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 154: Revenue by source

5.1.3 Operational services performance

The table below indicates the operational services performance for the 2018/19 financial year:

Description	2017/18		2018/19		2018/19 variance	
	Actual (audited outcome)	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
	R'000				%	
Operating Cost						
Governance and administration	29 398	33 912	35 673	33 810	(0.30)	(5.51)
Executive and council	13 569	12 635	14 184	13 217	4.40	(7.32)
Budget and treasury office	15 829	11 804	12 440	12 497	5.54	0.45
Corporate services	0	9 473	9 048	8 097	(16.99)	(11.75)
Community and Public Safety	3 027	4 695	4 075	4 489	(4.60)	9.21
Community and social services	2 166	3 285	2 947	2 657	(23.65)	(10.92)
Sport and recreation	861	1 301	1 015	1 335	2.51	23.95
Public safety	0	109	114	497	78.05	77.14
Housing	0	0	0	0	0.00	0.00
Health	0	0	0	0	0.00	0.00
Economic and environmental services	9 956	9 307	8 027	9 323	0.17	13.91
Planning and development	1 961	447	477	455	1.70	-4.89
Road transport	7 962	8 860	7 550	8 869	0.09	14.87
Environmental protection	33	0	0	0	0.00	0.00
Trading services	63 243	67 748	68 217	63 177	(7.23)	(7.98)
Electricity	27 358	35 107	37 194	26 466	(32.65)	(40.54)
Water	16 627	13 922	12 326	18 686	25.49	34.04



CHAPTER 5: FINANCIAL PERFORMANCE

Description	2017/18	2018/19			2018/19 variance	
	Actual (audited outcome)	Original budget	Adjusted budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
Waste water management	5 545	5 778	5 112	4 881	(18.38)	(4.74)
Waste management	13 714	12 941	13 585	13 145	1.55	(3.35)
Other	84	0	0	0	0.00	0.00
Total expenditure	105 708	115 663	115 992	110 800	(4.39)	(4.69)

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 155: Operational services performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below show the financial performance according to municipal functions:

5.2.1 Executive and Council

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(1 902)	(1 998)	(1 998)	(1 998)	0.00
Expenditure:					
Employees	9 913	8 755	8 769	7 684	(14.13)
Repairs and maintenance	70	77	90	87	11.80
Other	3 586	3 853	4 175	4 431	13.04
Total operational expenditure	13 569	12 685	13 034	12 202	(3.96)
Net operational (service) expenditure	(15 471)	(14 683)	(15 032)	(14 200)	(3.40)

Table 156: Financial performance: Executive and Council

5.2.2 Budget and Treasury

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(11 334)	(11 840)	(11 791)	(11 537)	(2.62)
Expenditure:					
Employees	6 376	7 393	6 879	7 353	(0.53)
Repairs and maintenance	270	274	273	177	(55.30)
Other	1 807	4 137	4 752	4 368	5.27

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18		2018/19		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000			%	
Total operational expenditure	8 454	11 804	11 904	11 898	0.78
Net operational (service) expenditure	(19 788)	(23 644)	(23 695)	(23 435)	(0.89)

Table 157: Financial performance: Budget and Treasury

5.2.3 Corporate Services

Description	2017/18		2018/19		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000			%	
Total operational revenue	(15 591)	(15 732)	(16 372)	(16 438)	4.29
Expenditure:					
Employees	5 375	5 921	5 218	4 271	(38.65)
Repairs and maintenance	698	906	459	450	(101.39)
Other	3 182	2 646	3 371	3 376	21.64
Total operational expenditure	9 256	9 473	9 047	8 097	(16.99)
Net operational (service) expenditure	(24 846)	(25 205)	(25 419)	(24 535)	(2.73)

Table 158: Financial performance: Corporate services

5.2.4 Community and Social

Description	2017/18		2018/19		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000			%	
Total operational revenue	(1 333)	(1 119)	(1 107)	(1 104)	(1.38)
Expenditure:					
Employees	1 674	2 081	1 764	1 601	(29.96)
Repairs and maintenance	178	180	181	154	(16.62)
Other	266	903	893	800	(12.88)
Total operational expenditure	2 118	3 164	2 837	2 555	(23.81)
Net operational (service) expenditure	(3 451)	(4 282)	(3 944)	(3 659)	(17.04)

Table 159: Financial performance: Community and Social

5.2.5 Sport and Recreation

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18		2018/19		
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000			%	
Total operational revenue	(6 965)	(3 087)	(995)	(569)	(442.88)
Expenditure:					
Employees	264	402	144	146	(174.93)
Repairs and maintenance	205	281	295	129	(117.89)
Other	471	618	576	1 060	41.68
Total operational expenditure	940	1 301	1 015	1 335	2.51
Net operational (service) expenditure	(7 905)	(4 389)	(2 010)	(1 904)	(130.55)

Table 160: Financial performance: Sport and Recreation



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.6 Public safety

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	0	0	0	0	0
Expenditure:					
Employees	0	1	1	0	0.00
Repairs and maintenance	23	73	73	35	(108.58)
Other	29	35	40	462	92.34
Total operational expenditure	52	109	114	497	78.05
Net operational (service) expenditure	(52)	(109)	(114)	(497)	78.05

Table 161: Financial performance: Public safety

5.2.7 Planning and Development

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	0	0	0	0	0
Expenditure:					
Employees	910	418	430	416	(0.55)
Repairs and maintenance	0	1	1	0	0.00
Other	22	29	47	39	26.95
Total operational expenditure	932	447	477	455	1.70
Net operational (service) expenditure	(932)	(447)	(477)	(455)	1.70

Table 162: Financial performance: Planning and Development



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.8 Roads and Transport

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(3 619)	(3 495)	(3 495)	(3 495)	0.00
Expenditure:					
Employees	2 265	3 262	2 310	2 442	(33.56)
Repairs and maintenance	1 782	1 977	2 277	2 046	3.39
Other	1 939	1 005	992	2 386	57.90
Total operational expenditure	5 985	6 244	5 580	6 875	9.18
Net operational -service expenditure	(9 605)	(9 739)	(9 075)	(10 370)	6.09

Table 163: Financial performance: Roads and Transport

5.2.11 Electricity

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(27 377)	(32 202)	(32 202)	(30,437)	(5.80)
Expenditure:					
Employees	2 146	1 613	2 196	2 050	21.34
Repairs and maintenance	840	1 041	1 041	1 077	3.33
Other	25 601	32 453	33 956	23 338	(39.05)
Total operational expenditure	28 586	35 107	37 194	26 466	(32.65)
Net operational (service) expenditure	1 210	2 905	4 992	(3 971)	173.15

Table 164: Financial performance: Electricity



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.12 Water

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(82 266)	(65 787)	(65 787)	(74 993)	12.28
Expenditure:					
Employees	3 858	4 151	3 563	3 745	(10.83)
Repairs and maintenance	5 372	2 113	1 827	3 396	37.77
Other	7 919	7 658	6 936	11 545	33.67
Total operational expenditure	17 149	13 922	12 326	18 686	25.49
Net operational (service) expenditure	(65 117)	(51 864)	(53 461)	(56 306)	7.89

Table 165: Financial performance: Water

5.2.13 Waste Water Management

Description	2017/18	2018/19			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue	(12 467)	(13 156)	(13 155)	(10 739)	(22.50)
Expenditure:					
Employees	1 561	1 967	1 865	1 940	(1.36)
Repairs and maintenance	334	276	276	313	11.75
Other	3 990	3 535	2 971	2 627	(34.53)
Total operational expenditure	5 885	5 778	5 112	4 881	(18.38)
Net operational (service) expenditure	(18 352)	(18 934)	(18 267)	(15 620)	(21.21)

Table 166: Financial performance: Waste Water Management



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.14 Waste Management

Description	2017/18	2018/19			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
	R'000			%	
Total operational revenue	(7 556)	(9 513)	(9 602)	(7 354)	(29.35)
Expenditure:					
Employees	6 864	5 955	6 720	6 698	11.10
Repairs and maintenance	937	1 072	1 070	1 051	(1.99)
Other	6 253	5 914	5 796	5 395	(9.61)
Total operational expenditure	14 054	12 941	13 585	13 145	1.55
Net operational -service expenditure	(21 611)	(22 454)	(23 188)	(20 499)	(9.53)

Table 167: Financial performance: Waste Management

5.2.15 Other

Description	2017/18	2018/19			Variance to budget
	Actual	Original budget	Adjustment budget	Actual	
	R'000			%	
Total operational revenue	(965)	(835)	(814)	(542)	(54.13)
Expenditure:					
Employees	1 793	2 278	1 674	1 682	(35.43)
Repairs and maintenance	128	145	145	184	21.08
Other	232	314	260	228	(13.75)
Total operational expenditure	2 153	2 738	2 080	2 095	(30.70)
Net operational (service) expenditure	(3 118)	(3 573)	(2 894)	(2 637)	(35.52)

Table 168: Financial performance: Other



CHAPTER 5: FINANCIAL PERFORMANCE

5.3 GRANTS

5.3.1 Grant performance

The table below indicates the grant performance for the 2018/19 financial year:

Description	2017/18	2018/19			2018/19 Variance	
	Actual	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
Operating and capital transfers and grants						
National government:	102 873	87 536	90 316	90 316	3.08	0.00
Equitable share	21 047	22 818	22 818	22 818	0.00	0.00
RBIG	65 426	44 247	49 247	49 247	10.15	0.00
Expanded Public Works Programme	1 000	1 345	1 345	1 345	0.00	0.00
Municipal Systems Improvement Grant	0	0	0	0	0.00	0.00
MIG - Project Management Unit	0	9 656	7 436	7 436	(29.85)	0.00
Electricity Integrated National electrification project	1 000	0	0	0	0.00	0.00
Disaster Fund:	12 500	7 500	7 500	7 500	0.00	0.00
Finance Management Grant	1 900	1 970	1 970	1 970	0.00	0.00
Provincial Government:	1 237	1 080	1 080	1 080	0.00	0.00
Library grant	1 237	1 080	1 080	1 080	0.00	0.00
Total Operating Transfers and Grants	104 110	88 616	91 396	91 396	3.04	0.00

Table 169: Grant performance for 2018/19

5.3.2 Conditional grants

The performance in the spending of conditional grants is summarised as follows:

Details	Budget	Adjustments budget	Actual	Variance	
				Budget	Adjustments budget
	R'000			%	
Equitable share	21 047	22 818	22 818	22 818	0.00
RBIG	65 426	44 247	49 247	49 247	10.15
Expanded Public Works Programme	1 000	1 345	1 345	1 345	0.00
Disaster Fund	12 500	7 500	7 500	7 500	0.00
Municipal Infrastructure Grant	16 716	9 656	7 436	7 436	(29.85)
Finance Management Grant	1 900	1 970	1 970	1 970	0.00
Library Grant	1 237	1 080	1 080	1 080	0.00

CHAPTER 5: FINANCIAL PERFORMANCE



Details	Budget	Adjustments budget	Actual	Variance	
				Budget	Adjustments budget
	R'000			%	
Total	119 826	88 616	91 396	91 396	3.04

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 170: Conditional grant

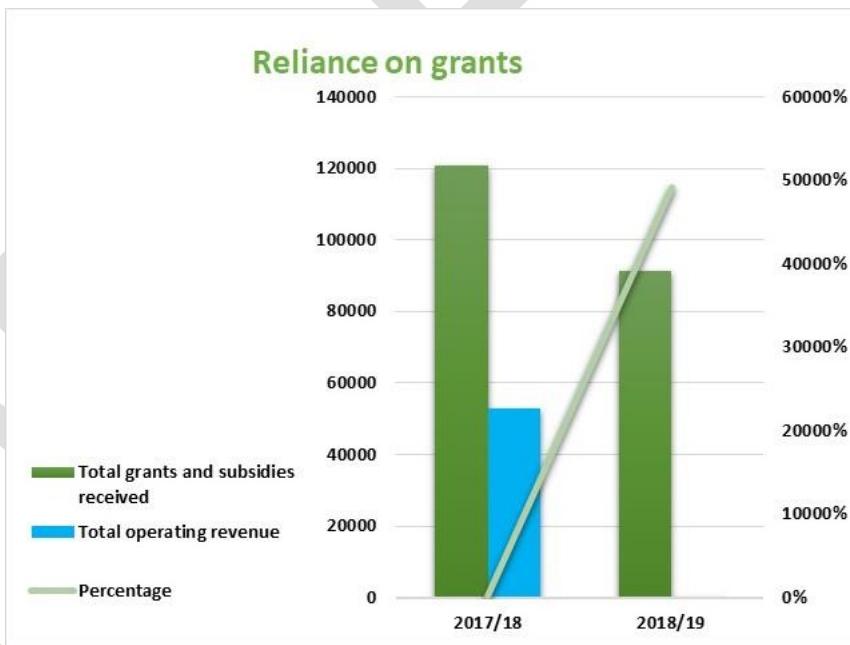
5.3.3 Level of reliance on grants and subsidies

The table below indicates the Municipality's level of reliance on grants and subsidies:

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
			%
2017/18	120 826	52 785	228.90
2018/19	91 396	186	49144.77

Table 171: Reliance on grants

The following graph indicates the municipality's reliance on grants for the last two financial years:



Graph 8: Reliance on grants

CHAPTER 5: FINANCIAL PERFORMANCE

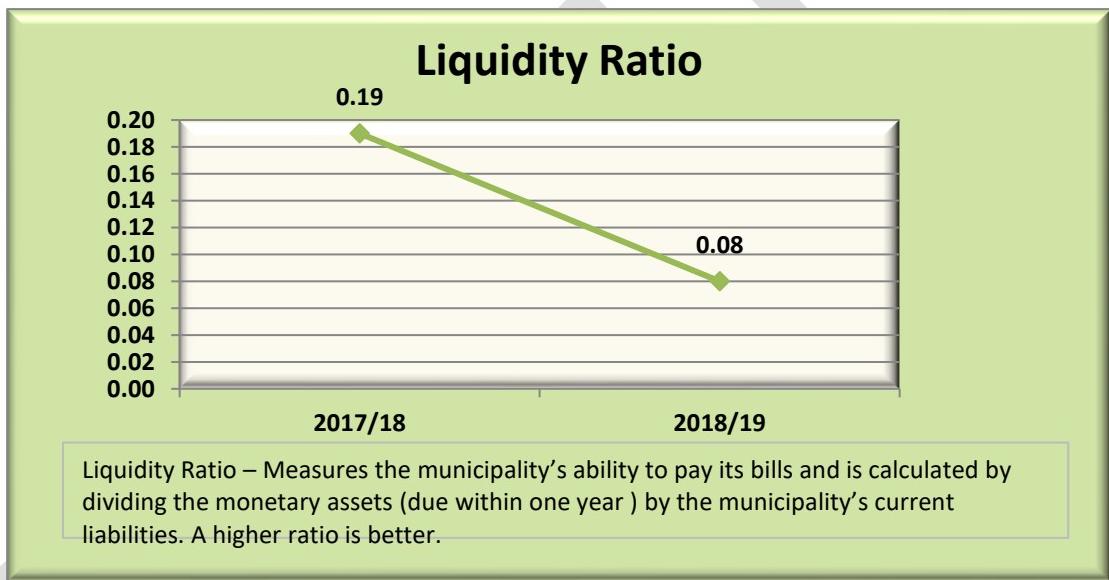
5.4 FINANCIAL RATIOS BASED ON KPI

5.4.1 Liquidity ratio

The table below indicates the Municipality's liquidity ratio:

Description	Basis of calculation	2017/18	2018/19
		Pre-audit outcome	Audited outcome
Current Ratio	Current assets/current liabilities	0.49	0.54
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.36	0.38
Liquidity Ratio	Monetary Assets/Current Liabilities	0.19	0.08

Table 172: Liquidity financial ratio



Graph 9: Liquidity ratio

CHAPTER 5: FINANCIAL PERFORMANCE



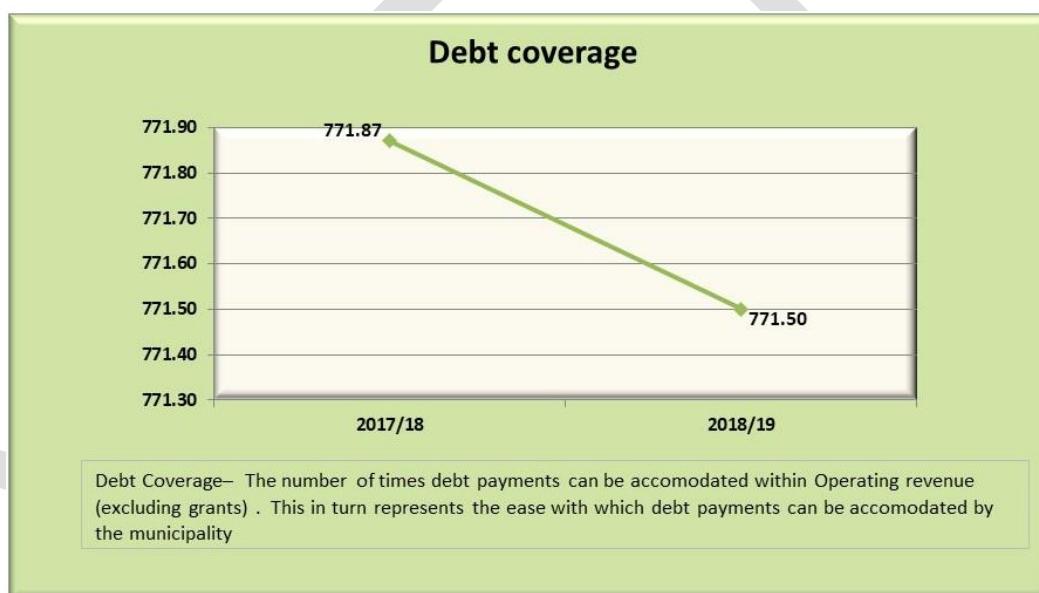
5.4.2 IDP Regulation Financial Viability

The table below indicates the Municipality's IDP regulation financial viability

Description	Basis of calculation	2017/18	2018/19
		Pre-audit outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.23	0.34
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	1.01	1.04
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	771.87	771.50

Table 173: IDP regulation financial viability

The following graph indicates the debt coverage ratio:



Graph 10: Debt coverage

5.4.3 Borrowing management

The table below indicates the Municipality's capacity with regards to borrowing and the management thereof:

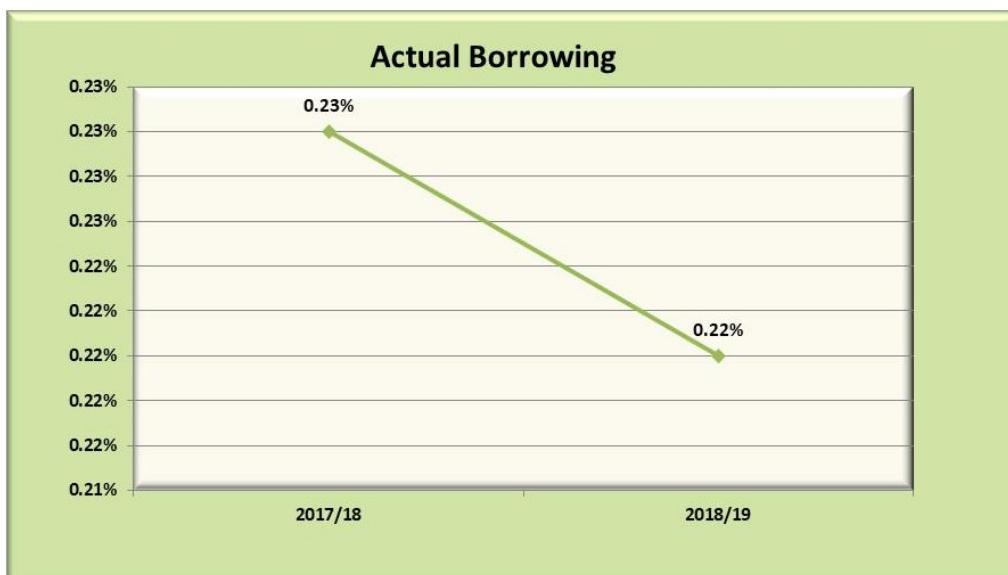
Description	Basis of calculation	2017/18	2018/19
		Pre-audit outcome	Audited outcome
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.23	0.22

Table 174: Borrowing management



CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the actual borrowingmanagement ratio:



Graph 11: Actual borrowing ratio

5.4.3 Employee costs

The table below indicates the Municipality's employee cost per revenue for the past two financial years

Description	Basis of calculation	2017/18	2018/19
		Pre-audit outcome	Audited outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	49.82	38.76

Table 175: Employee costs

The following graph indicates the employee costs ratio:



Graph 12: Employee costs ratio



CHAPTER 5: FINANCIAL PERFORMANCE

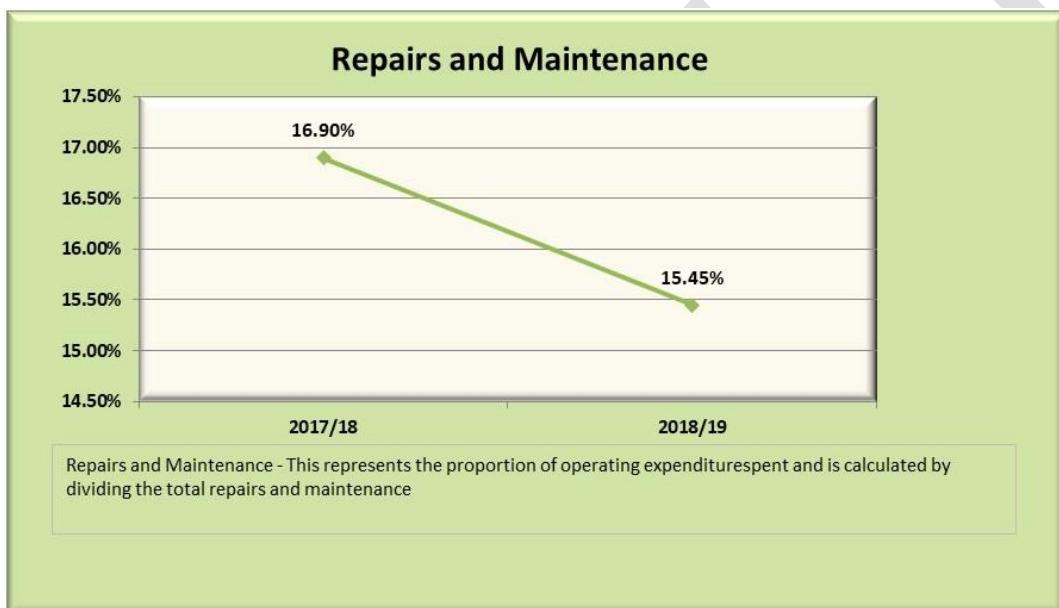
5.4.4 Repairs and maintenance

The table below indicates the Municipality's ratio in terms of repairs and maintenance for the past two financial years:

Description	Basis of calculation	2017/18	2018/19
		Pre-audit outcome	Audited outcome
Repairs and maintenance	Repairs and maintenance/(Total revenue excluding capital revenue)	16.90	15.45

Table 176: Repairs and maintenance

The following graph indicates the ratio of repairs and maintenance:



Graph 13: Repairs and maintenance ratio

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent.



CHAPTER 5: FINANCIAL PERFORMANCE

5.5 CAPITAL EXPENDITURE

5.5.1 Capital expenditure by new assets programme

Description	2017/18	2018/19		
	Audited outcome	Original budget	Adjustment budget	Actual expenditure
	R'000			
Capital expenditure by asset class				
Infrastructure - Total	89 025	58 773	61 050	52 778
Infrastructure: Road transport - Total	3 469	2 549	5 922	5 917
Roads, pavements and bridges	3 469	2 549	5 922	5 917
Stormwater	0	0	0	0
Infrastructure: Electricity - Total	1 000	25	25	11 199
Generation	0	0	0	0
Transmission and reticulation	1 000	25	25	11 199
Street lighting	0	0	0	0
Infrastructure: Water - Total	77 926	51 772	51 772	34 582
Dams and reservoirs	0	0	0	0
Water purification	0	0	0	0
Reticulation	77 926	51 772	51 772	34 582
Infrastructure: Sanitation - Total	6 630	4 427	1 834	0
Reticulation	6 630	4 427	1 834	0
Sewerage purification	0	0	0	0
Infrastructure: Other - Total	0	0	1 497	1 079
Waste management	0	0	1 497	0
Transportation	0	0	0	0
Gas	0	0	0	0
Other	0	0	0	0
Community - Total	6 987	3 065	65	32
Parks and gardens	0	0	0	0
Sports fields and stadiums	6 867	3 065	0	32
Swimming pools	0	0	65	0
Community halls	0	0	0	0
Libraries	120	0	0	0
Recreational facilities	0	0	0	0
Fire, safety and emergency	0	0	0	0
Security and policing	0	0	0	0

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18	2018/19		
	Audited outcome	Original budget	Adjustment budget	Actual expenditure
	R'000			
Capital expenditure by asset class				
Buses	0	0	0	0
Clinics	0	0	0	0
Museums and art galleries	0	120	120	51
Cemeteries	0	0	0	0
Social rental housing	0	0	0	0
Other	0	0	0	0
Capital expenditure by asset class	3 315	365	365	1 691
Heritage assets - Total	0	0	0	0
Buildings	0	0	0	0
Other	0	0	0	0
Investment properties - Total	0	0	0	0
Housing development	0	0	0	0
Other	0	0	0	0
Other assets	3 315	365	365	1 691
General vehicles	0	0	0	0
Specialised vehicles	0	0	0	0
Plant and equipment	3 315	0	0	1 366
Computers - hardware/equipment	0	0	0	0
Furniture and other office equipment	0	365	365	324
Abattoirs	0	0	0	0
Markets	0	0	0	0
Civic land and buildings	0	0	0	0
Other buildings	0	0	0	0
Other land	0	0	0	0
Surplus Assets - (investment or inventory)	0	0	0	0
Other	0	0	0	0
Agricultural assets	0	0	0	0
List sub-class	0	0	0	0
Biological assets	0	0	0	0
List sub-class	0	0	0	0
Intangibles	0	0	0	0
Computers - software and programming	0	0	0	0
Other (list sub-class)	0	0	0	0

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18		2018/19	
	Audited outcome	Original budget	Adjustment budget	Actual expenditure
	R'000			
Capital expenditure by asset class				
Total capital expenditure on new assets	99 327	62 203	61 480	54 500
Specialised vehicles	0	0	1 479	1 079
Refuse	0	0	1 479	1 079
Fire	0	0	0	0
Conservancy	0	0	0	0
Ambulances	0	0	0	0

Table 177: Capital expenditure: New assets programme

5.5.2 Capital spending on 5 targets projects

Projects with the highest capital expenditure in 2018/19:

Name of Project*	2018/19			% Variance	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Bulk Water Loeriesfontein	17 247	22 247	24 349	41.18	9.45
Bulk Water Brandvlei	27 000	27 000	24 898	(7.79)	(7.79)
Pavement of Roads in Hantam	2 309	4 356	5 917	156.26	35.84
Waste Water Treatment Works in Brandvlei	4 347	1 935	1 519	(65.06)	(21.51)
Compactor Truck Waste Removal	1 497	1 497	1 079	(27.90)	(27.90)
Projects with the highest capital expenditure in 2018/19					

Table 178: Capital expenditure on the 5 largest projects

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 CASH FLOW

Description	2017/18		2018/19	
	Audited outcome	Original budget	Adjusted budget	Actual
R'000				
Cash flow from operating activities				
Receipts				
Ratepayers and other	47 754	57 383	57 234	44 617
Government - operating	25 158	27 213	27 213	27 213

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2017/18	2018/19		
	Audited outcome	Original budget	Adjusted budget	Actual
R'000				
Government - capital	95 642	61 837	59 617	64 183
Interest	1 072	1 719	0	1 198
Dividends	0	0	0	0
Payments				
Suppliers and employees	(68 452)	(81 128)	(94 538)	(91 693)
Finance charges	(82)	0	0	(1 347)
Transfers and Grants	0	0	0	0
Net cash from/(used) operating activities	101 092	67 024	49 526	44 171
Cash flow from investing activities				
Receipts				
Proceeds on disposal of PPE	0	0	0	0
Decrease (Increase) in non-current debtors	94	0	0	10
Decrease (Increase) in other non-current receivables	0	0	0	0
Decrease (Increase) in non-current investments	0	0	0	0
Payments				
Capital assets	(94 495)	(62 203)	(61 480)	(53 996)
Net cash from/(used) investing activities	(94 401)	(62 203)	(61 480)	(53 986)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	79	60	60	77
Increase -decrease in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	(155)	(632)	14 983	(186)
Net cash from/(used) financing activities	(76)	(572)	15 043	(109)
Net increase/(decrease) in cash held	6 615	4 249	3 089	(9 924)
Cash/cash equivalents at the year begin	0	18 530	6 530	7 321
Net increase on cash/cash equivalents at the year-end	6 615	22 779	9 619	(2 603)

Source: MBRR SA7

Table 179: Cash flow

5.7 GROSS OUTSTANDING DEBTORS PER SERVICE

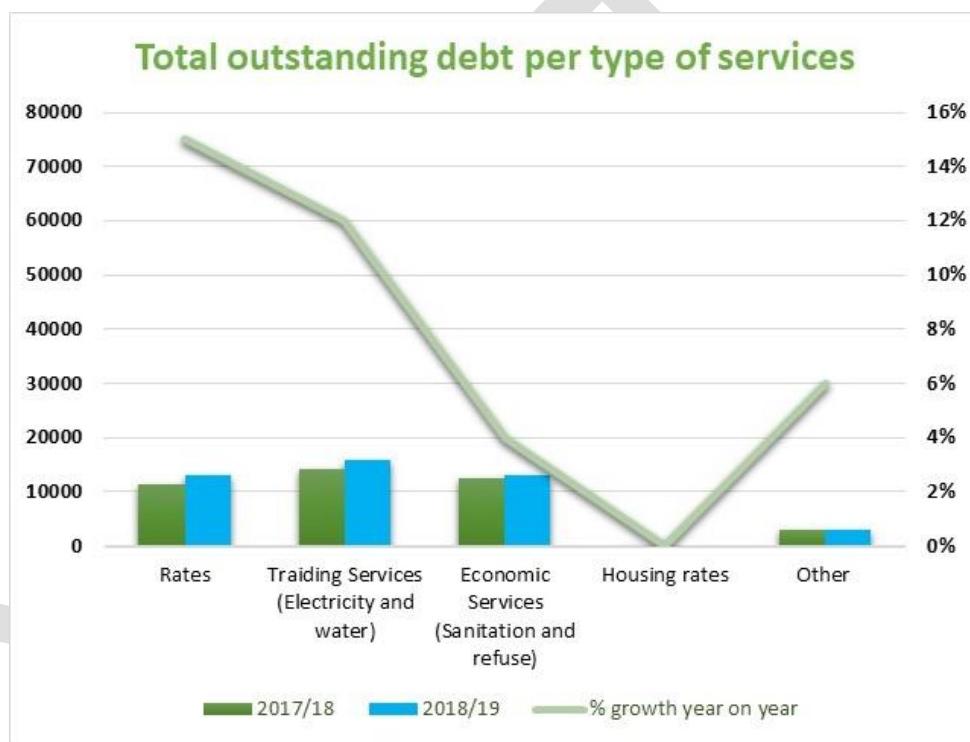
CHAPTER 5: FINANCIAL PERFORMANCE



Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		Electricity and water	Sanitation and refuse			
		R'000				
2017/18	11 272	14 083	12 418	0	2 914	40 687
2018/19	12 962	15 826	12 945	0	3 082	44 815
Difference	1 689	1 743	527	0	168	4 128
% growth year on year	15	12	4	0	6	10

Table 180: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service and the increase/decrease from 2017/18 to 2018/19:



Graph 14: Debt per type of service

5.8 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2017/18	4 207	1 133	1 100	34 246	40 687
2018/19	4 676	1 193	1 141	37 806	44 815
Difference	469	59	40	3 559	4 128
growth year on year	11	5	4	10	10

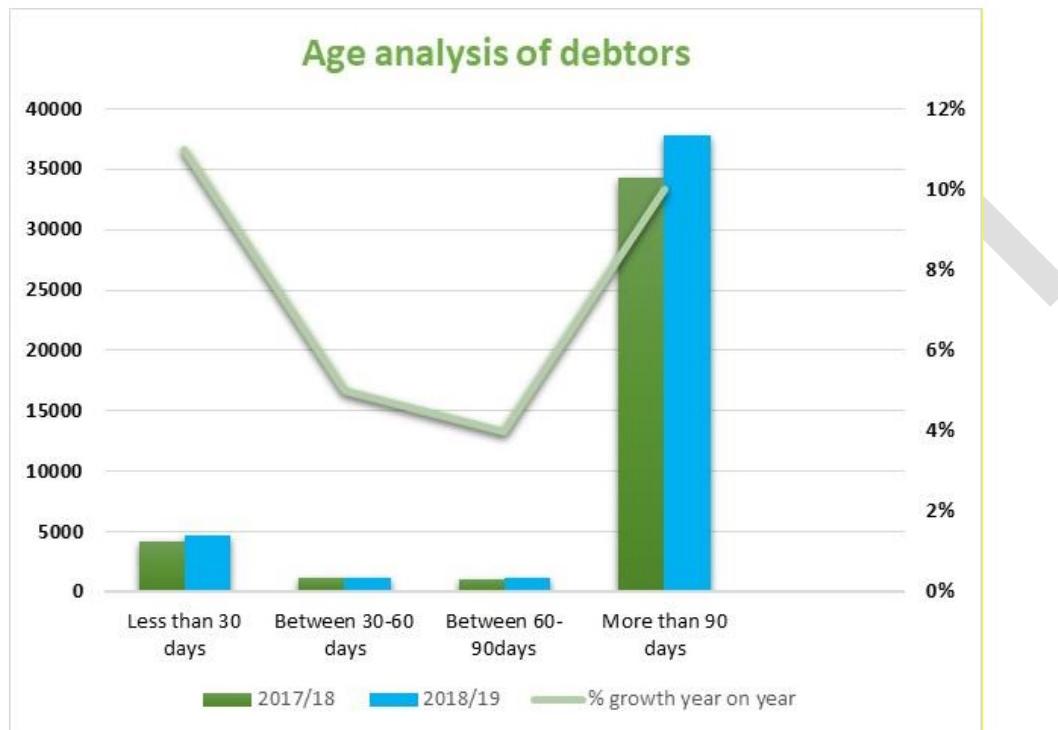
CHAPTER 5: FINANCIAL PERFORMANCE



Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
<i>Note: Figures exclude provision for bad debt</i>					

Table 181: Service debtor age analysis

The following graph indicates the age analysis of debtors and the increase/decrease from 2017/18 to 2018/19:



Graph 15: Age analysis of debtors

5.9 BORROWING AND INVESTMENTS

5.9.1 Actual borrowings

Instrument	2017/18	2018/19
	R'000	
Long-term loans (annuity/reducing balance)	0	0
Long-term loans (non-annuity)	0	0
Local registered stock	0	0
Instalment credit	0	0
Financial leases	351	164
PPP liabilities	0	0
Finance granted by Cap equipment supplier	0	0
Marketable bonds	0	0
Non-marketable bonds	0	0

CHAPTER 5: FINANCIAL PERFORMANCE



Instrument	2017/18	2018/19
	R'000	
Bankers acceptances	0	0
Financial derivatives	0	0
Other securities	0	0
Municipality total	351	164

Table 182: Actual borrowings

5.9.2 Municipal investments

Investment type	2017/18	2018/19
	R'000	
Securities - National government	0	0
Listed corporate bonds	0	0
Deposits – Bank	6 646	2 335
Deposits - Public investment commissioners	0	0
Deposits - Corporation for public deposits	0	0
Bankers acceptance certificates	0	0
Negotiable certificates of deposit – Banks	0	0
Guaranteed endowment policies (sinking)	0	0
Repurchase agreements – Banks	0	0
Municipal bonds	0	0
Other	0	0
Municipality total	6 646	2 335

Table 183: Municipal investments



Graph 16: Municipal investments



CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT D: OTHER FINANCIAL MATTERS

5.10 SCM

The Municipality does have policies and practices that comply with the guidelines set by the SCM Regulations of 2005.

The Municipality complies with the following GRAP statements:

5.11 GRAP COMPLIANCE

- GRAP 1: Presentation of financial statements
- GRAP 2: Cash flow statement
- GRAP 3: Accounting policies, changes in accounting estimates and errors
- GRAP 4: The effects of changes in foreign exchanges rates
- GRAP 5: Borrowing costs
- GRAP 6: Consolidated and separate financial statements
- GRAP 7: Investments in associates
- GRAP 8: Interests in joint ventures
- GRAP 9: Revenue from exchanges transactions
- GRAP 10: Financial reporting in hyperinflationary economies
- GRAP 11: Contraction contracts
- GRAP 12: Inventories
- GRAP 13: Leases
- GRAP 14: Events after the reporting date
- GRAP 16: Investment property
- GRAP 17: Property, plant and equipment
- GRAP 19: Provisions, contingent liabilities and contingent assets
- GRAP 21: Impairment of Non-Cash Generating Assets
- GRAP 23: Revenue from Non-exchange Transactions
- GRAP 24: Presentation of Budget Information in the Financial Statements
- GRAP 25: Employee Benefits
- GRAP 26: Impairment of Cash Generating Assets
- GRAP 27: Agriculture
- GRAP 31: Intangible Assets
- GRAP 100: Non-current assets held for sale and discontinued operations
- GRAP 101: Agriculture



CHAPTER 5: FINANCIAL PERFORMANCE

- GRAP 102: Intangible assets
- GRAP 103: Heritage Assets
- GRAP 104: Financial Instruments

DRAFT 1



CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION 2017/18

The following tables provide the details on the audit outcomes for the past two financial years with the corrective steps implemented:

6.1 AUDITOR-GENERAL REPORT: 2017/18

6.1.1 Financial performance: 2017/18

Auditor-General Report on Financial Performance 2017/18	
Audit report status:	Qualified
<u>Reporting on audit findings of AFS:</u>	
Non-Compliance Issues	Remedial Action Taken
Property, plant and equipment: Insufficient appropriate audit evidence that management had properly accounted for infrastructure assets due to the status of the accounting records. The municipality did not maintain accurate and complete records of the information used to determine the size and extent of the infrastructure assets	Size and extent of infrastructure assets will be reviewed to ensure that it is complete and accurate
Property, Plant and Equipment – restatement of corresponding figures: Insufficient appropriate audit evidence for the restatement of the corresponding figure for property, plant and equipment	Will be addressed in the 2018/19 financial year to ensure that supporting audit evidence is in place
Investment property: Insufficient appropriate audit evidence that management had properly accounted for investment property due to the status of the accounting records	
<u>Budgets</u>	
Unauthorised expenditure: Reasonable steps were not taken to prevent unauthorised expenditure amounting to R16 152 123, as disclosed in note 50.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA	Proper budget procedures will be implemented to ensure that the municipality's budget is funded
<u>Expenditure management</u>	
Money owed by the municipality was not always paid within 30 days	Municipality will implement a Creditors Policy to ensure that payments are made within 30 days after date of statement
<u>Procurement and contract management</u>	
Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a) in the procurement processes for the Loeriesfontein bulk water supply project	Sufficient processes and procedures will be followed for the 2018/19 financial year
Some of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance	Review of procedures to ensure compliance with SCM regulations

CHAPTER 6: AUDITOR-GENERAL AUDIT

FINDINGS



Auditor-General Report on Financial Performance 2017/18	
with SCM regulation 29(2) in the procurement processes for the rehabilitation of multi-purpose sport courts	
Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c)	All prospective bidders were required to complete declarations (MBD4). CSD required competitive bidders to declare whether they are employed by the state
Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43	Will ensure that contracts are only awarded to providers whose tax matters are declared by the South African Revenue Service
The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA	The municipality will implement a contract management register which will be monitored on a regular basis and will also ensure that all service providers sign a Service Level Agreement (SLA)
Asset Management	
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA	Adoption of Asset Management Policy. Implementation of Asset Registers and SOPs
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA	
Liability Management	
An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA	The Municipality will implement expenditure SOPs. Financial system will be updated with a liability segment
Utilisation of conditional grants	
The municipality did not evaluate its performance in respect of programmes funded by the municipal infrastructure grant (MIG) and regional bulk infrastructure grant (RBIG), as required by section 12(5) of the Division of Revenue Act	Monthly site meetings are held but municipality will make part of the contract management process that will be implemented
Consequence Management	
The AG was unable to obtain sufficient appropriate audit evidence that unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA	
The AG was unable to obtain sufficient appropriate audit evidence that unauthorised expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA	Unauthorised, Irregular, Fruitless and Wasteful expenditure registers are reported to Council who refer it to MPAC for investigation and recommendation on expenditure incurred. Minutes of MPAC meetings will reflect how investigation procedures will be conducted
The AG was unable to obtain sufficient appropriate audit evidence that irregular expenditure incurred by the municipality were not investigated to determine if any person	

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS



Auditor-General Report on Financial Performance 2017/18	
is liable for the expenditure, as required by section 32(2)(b) of the MFMA	
The AG was unable to obtain sufficient appropriate audit evidence that losses resulting from irregular expenditure were certified council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA	

Table 184: AG report on financial performance 2017/18

6.1.2 Service Delivery Performance: 2017/18

Auditor-General Report on Service Delivery Performance 2017/18	
Audit report status:	Unqualified
<p>The Auditor-General in its audit report did not find any material findings on the usefulness and reliability of the reported performance information for:</p> <p>Objective 3 – Maintain a financial sustainable and viable municipality</p> <p>Objective 5 – Sustainable infrastructure development and basic service delivery</p>	

Table 185: AG report on service delivery performance 2017/18

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS



COMPONENT B: AUDITOR-GENERAL OPINION 2018/19

6.2 AUDITOR-GENERAL REPORT: 2018/19

6.2.1 Financial performance: 2018/19

Auditor-General Report on Financial Performance 2018/19	
Audit report status:	Unqualified
Reporting on audit findings of AFS:	
Non-Compliance Issues	Remedial Action Taken
<u>Impairments - Receivables</u>	
Impairment of R32 378 226 (2018: R30 408 535) was incurred as a result of a write-off of irrecoverable receivables from exchange transactions	<ul style="list-style-type: none"> • Immediate action against non-payers of 30 Days outstanding accounts • Hand over to collection agent of all outstanding debtors of 90 days and older • Ward Committee to be involved by motivating consumers • Public participation meetings where the issue of payment for services shall emphasized
Impairment of R11 672 817 (2018: R9 120 394) was incurred as a result of a write-off of irrecoverable receivables from non-exchange transactions	
<u>Material losses - electricity</u>	
Material electricity losses of R4 004 439 (2017-2018: R3 348 314) was incurred, which represents 13.94 % (2017-2018: 12.46%) of total electricity purchased. The non-technical losses were due to theft of prepaid meters.	<ul style="list-style-type: none"> • Replace all conventional meters with pre-paid meters • Ensure that deviation reports on meter readings were follow-up and corrected • Avoid estimates by using average use over a few months
<u>Unauthorised, irregular and fruitless and wasteful expenditure</u>	
The municipality incurred unauthorised expenditure of R9 130 240 as it overspent on the operational and capital budget	<ul style="list-style-type: none"> • The Unauthorized was caused due to Deprecation (Non-Cash item) being understated. However, we do have a proper asset register and will be able to budget correctly in future
The municipality incurred fruitless and wasteful expenditure of R2 443 106 as it incurred interest on late payments and payments to consultants for an asset register that was not used	<ul style="list-style-type: none"> • The interest paid to ASLA was due to the late receiving of the grant of DWA
The municipality incurred irregular expenditure of R24 073 043 as it did not comply with supply chain regulations regarding competitive bidding and quotations	<ul style="list-style-type: none"> • These expenditures were already written off by council as irrecoverable

Table 186: AG report on financial performance 2018/19

6.2.2 Service Delivery Performance: 2018/19

Auditor-General Report on Service Delivery Performance 2018/19	
Audit report status:	Unqualified
Extract from Audit Report:	
"24. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:	

CHAPTER 6: AUDITOR-GENERAL AUDIT

FINDINGS



Auditor-General Report on Service Delivery Performance 2018/19

- Objective 1- Enhance infrastructure development and basic service delivery."

Table 187: AG report on financial performance 2018/19

LIST OF TABLES, GRAPHS AND FIGURES



LIST OF TABLES

Table 1:	Municipal wards	12
Table 2:	Population.....	16
Table 3:	Population by race	16
Table 4:	Population by race per area	17
Table 5:	Population by age and gender	17
Table 6:	Population age ratio's.....	18
Table 7:	Total number of households.....	18
Table 8:	Total number of indigent households	18
Table 9:	Gross domestic product contribution of Hantam	19
Table 10:	Socio economic profile.....	22
Table 11:	Municipal challenges.....	23
Table 12:	Basic service delivery performance	23
Table 13:	Basic services delivery challenges.....	26
Table 14:	Households with minimum level of basic services	27
Table 15:	Financial viability highlights	27
Table 16:	Financial viability challenges.....	28
Table 17:	Financial overview	28
Table 18:	Total capital expenditure.....	28
Table 19:	Municipal transformation and organisational development highlights.....	29
Table 20:	Municipal transformation and organisational development challenges.....	29
Table 21:	Financial competency development: Progress report	30
Table 22:	Audit outcomes	31
Table 23:	Good governance and public participation performance highlights.....	32

Table 24:	Good governance and public participation challenges.....	33
Table 25:	Council	34
Table 26:	Council meetings.....	34
Table 27:	Council Committees meetings.....	35
Table 28:	Implementation of council resolutions	36
Table 29:	Administrative governance structure.....	37
Table 30:	Inter-governmental structures.....	39
Table 31:	Joint projects and functions with sector departments	40
Table 32:	Public meetings.....	41
Table 33:	Ward committee meetings	45
Table 34:	Functioning of ward committees.....	46
Table 35:	IDP participation and alignment criteria	46
Table 36:	Action plan to address the top five risks.....	48
Table 37:	Approved risk policies and strategies.....	48
Table 38:	Strategies	48
Table 39:	Members of the AC	49
Table 40:	Highlights: SCM	52
Table 41:	Challenges: Supply Chain Management.....	52
Table 42:	Policies	53
Table 43:	By-laws.....	54
Table 44:	Website checklist.....	55
Table 45:	Communication activities.....	55
Table 46:	Communication activities.....	56
Table 47:	Sustainable infrastructure development and basic service delivery.....	65
Table 48:	Development and transformation of the institution to capacitate Hantam Municipality....	66

LIST OF TABLES, GRAPHS AND FIGURES



Table 49:	Facilitate economic development in the Hantam municipal area.....	67	Table 73:	Employees: Waste management (refuse collections, waste disposal, street cleaning and recycling).....	89
Table 50:	Maintain a financially sustainable and viable municipality.....	69	Table 74:	Housing needs register.....	89
Table 51:	Promote good governance and public participation.....	70	Table 75:	Employees: Housing.....	90
Table 52:	Functional areas	71	Table 76:	Access to free basic services (Source: Back to Basic Provincial Report).....	90
Table 53:	Capital projects of all wards.....	72	Table 77:	Summary of existing streets and roads	91
Table 54:	Basic service provision for all wards	72	Table 78:	Asphalt roads	91
Table 55:	Household services	73	Table 79:	Gravel roads.....	92
Table 56:	Basic service delivery challenges.....	74	Table 80:	Employees: Roads	92
Table 57:	Sources of water (Source: Annual Report 2015/16)	75	Table 81:	Employees: Stormwater	93
Table 58:	Distribution of households with access to piped water (Census 2011)	76	Table 82:	Capital expenditure 2018/19: Road services.....	93
Table 59:	Water service delivery levels	76	Table 83:	Planning challenges	95
Table 60:	Water service delivery highlight.....	77	Table 84:	Applications for land use development.....	95
Table 61:	Water service delivery challenge.....	82	Table 85:	Town planning and building control service delivery statistics.....	95
Table 62:	Employees: Water services.....	82	Table 86:	Employees: Planning	96
Table 63:	Capital expenditure 2018/19: Water ervices	82	Table 87:	Mainstream renewable energy projects 2019.	100
Table 64:	Provision of formal sanitation	83	Table 88:	Mainstream renewable energy projects 2019.	102
Table 65:	Distribution of households by type of toilet facility.....	83	Table 89:	LED highlights	103
Table 66:	Employees: Sanitation services	84	Table 90:	LED Challenges	103
Table 67:	Capital expenditure 2018/19: Sanitation services	85	Table 91:	Job creation through EPWP projects	104
Table 68:	Electricity service delivery llevels.....	85	Table 92:	Tourism awareness/events	104
Table 69:	Employees: Electricity services	86	Table 93:	Employees: LED	106
Table 70:	Refuse removal service delivery levels.....	87	Table 94:	Libraries highlights	107
Table 71:	Waste removal service delivery highlight.....	88	Table 95:	Libraries challenges	111
Table 72:	Waste removal service delivery challenge	88	Table 96:	Service statistics –Libraries	111
			Table 97:	Employees: Libraries.....	112
			Table 98:	Cemeteries	113

LIST OF TABLES, GRAPHS AND FIGURES



Table 99: Special programmes executed during 2018/19	114
Table 100: Traffic, security and licensing highlights	116
Table 101: Traffic, security and licensing challenges	118
Table 102: Service data for traffic, security and licensing	118
Table 103: Employees: Traffic, security and licensing	119
Table 104: Community halls highlights	119
Table 105: Community halls challenges	120
Table 106: Employees: Community halls	121
Table 107: Swimming pools	121
Table 108: Swimming pools challenge	122
Table 109: Caravan park highlight	122
Table 110: Caravan park challenge	123
Table 111: Nature reserves highlights	123
Table 112: Nature reserves challenges	124
Table 113: Sport grounds highlights	124
Table 114: Sport grounds challenge	125
Table 115: Employees: Sport ground	126
Table 116: Executive and Council highlights	127
Table 117: Executive and Council challenges	127
Table 118: Employees: Executive and Council	128
Table 119: Service standards for Financial services	129
Table 120: Financial Services highlight	130
Table 121: Financial Services challenges	130
Table 122: Employees: Financial services	131
Table 123: Capital expenditure 2018/19: Financial services	131
Table 124: HR highlights	132
Table 125: HR challenges	132
Table 126: Employees:HR	133
Table 127: Corporate services highlights	134
Table 128: Corporate services challenges	134
Table 129: Employees: Corporate services	135
Table 130: Service delivery priorities for 2019/20: Development and transformation of the institution	135
Table 131: Service delivery priorities for 2019/20: Facilitate economic development	136
Table 132: Service delivery priorities for 2019/20: Maintain a financially sustainable and viable municipality	136
Table 133: Service delivery priorities for 2019/20: Promote good governance and public participation	137
Table 134: Service delivery priorities for 2019/20: Enhance Infrastructure Development and Basic Service Delivery	139
Table 135: National KPIs: Municipal transformation and organisational development	140
Table 136: 140	
Table 137: Employment equity population 2018/19 (Source: IDP 2019/20 (Quantec 2017))	141
Table 138: Occupational levels -race	141
Table 139: Occupational levels – vacancy rate	142
Table 140: Staff turnover rate as at 30 June 2019	142
Table 141: Termination categories	143
Table 142: Injuries	143
Table 143: Sick leave	144
Table 144: HR policies reviewed	144
Table 145: Skills matrix	145
Table 146: Details of training implemented	145

LIST OF TABLES, GRAPHS AND FIGURES



Table 147: Skills development	146
Table 148: Budget allocated and spent for skills development.....	146
Table 149: Personnel expenditure.....	147
Table 150: Personnel expenditure.....	148
Table 151: Financial performance 2018/19	151
Table 152: Performance against budgets	152
Table 153: Revenue by vote.....	153
Table 155: Operational services performance.....	155
Table 156: Financial performance: Executive and Council	155
Table 157: Financial performance: Budget and Treasury ..	156
Table 158: Financial performance: Corporate services.....	156
Table 159: Financial performance: Community and Social	156
Table 160: Financial performance: Sport and Recreation..	157
Table 161: Financial performance: Public safety	158
Table 162: Financial performance: Planning and Development.....	158
Table 163: Financial performance: Roads and Transport ..	159
Table 164: Financial performance: Electricity	159
Table 165: Financial performance: Water.....	160
Table 166: Financial performance: Waste Water Management	160
Table 167: Financial performance: Waste Management ...	161
Table 168: Financial performance: Other	161
Table 169: Grant performance for 2018/19	162
Table 170: Conditional grant.....	163
Table 172: Liquidity financial ratio	164
Table 173: Borrowing management.....	165
Table 174: Employee costs.....	166
Table 175: Repairs and maintenance	167
Table 176: Capital expenditure: New assets programme.	170
Table 178: Gross outstanding debtors per service	172
Table 179: Service debtor age analysis.....	173
Table 180: Actual borrowings.....	174
Table 181: Municipal investments	174
Table 182: AG report on financial performance 2017/18.	179
Table 183: AG report on service delivery performance 2017/18	179
Table 184: AG report on financial performance 2018/19.	180
Table 185: AG report on financial performance 2018/19.	181

LIST OF GRAPHS

Graph 1:	Overall performance per strategic objective	60
Graph 2:	Distribution of households with access to piped water (Census 2011)	76
Graph 3:	Distribution of households by type of toilet facility	84
Graph 4:	Electricity service delivery levels	86
Graph 5:	Refuse removal service delivery levels	88
Graph 9:	Employee costs ratio	166
Graph 10:	Repairs and maintenance ratio	167
Graph 11:	Debt per type of service	172
Graph 12:	Age analysis of debtors	173

LIST OF FIGURES

Figure 1:	Maps of Hantam Municipal Area.....	10
Figure 2:	Map of Hantam road infrastructure	12
Figure 3:	Map: Hantam Municipal Wards.....	12
Figure 4:	SDBIP measurement criteria	59

LIST OF TABLES, GRAPHS AND FIGURES





LIST OF ABBREVIATIONS

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CBP	Community Based Planning
CFO	Chief Financial Officer
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GDPR	Gross Domestic Product Rate
GRAP	Generally Recognised Accounting Practice
HM	Hantam Municipality
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MayCo	Executive Mayoral Committee
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MSA	Municipal Systems Act No. 32 of 2000
MTECH	Medium Term Expenditure Committee
NGO	Non-Governmental Organisation
NT	National Treasury



LIST OF ABBREVIATIONS

OPEX	Operating Expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Association
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
PPP	Public Private Partnership
EPWP	Extended Public Works Programmes
CoGHSTA	Commitment from Co-operative Governance, Human Settlements and Traditional Affairs
RBIG	Regional Bulk Infrastructure Grant
SPLUMA	Spatial Planning and Land Use Management Act
MEC	Member of Executive Council
EPWP	Expanded Public Works Programme
LGSETA	Local Government Sector Education and Training Authority
IGR	Intergovernmental Relations
CSD	Central Suppliers Database
MFMP	Municipal Financial Management and Planning
mSCOA	Municipal Standard Chart of Accounts
PAC	Performance Audit Committee
RBAP	Risk Based Audit Plan
CWP	Capital Works Programme
MPAC	Municipal Public Accounts Committee

HANTAM

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2019

HANTAM MUNICIPALITY

Index

Contents	Page
General Information	1 - 2
Approval of the Financial Statements	3
Report of the Auditor General	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	9
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	10
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	11
Accounting Policies	12 - 50
Notes to the Financial Statements	51 - 97

APPENDICES

A Schedule of External Loans	98
B Segmental Statement of Financial Performance - GFS Classifications	99
C Segmental Statement of Financial Performance - Municipal Votes	100
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	101
E Appropriation Statements	102 - 110

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Hantam Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Hantam Municipality includes the areas of Calvinia, Brandvlei, Loeriesfontein and Nieuwoudtville.

MAYOR

RN Swartz

MUNICIPAL MANAGER

JI Swartz

CHIEF FINANCIAL OFFICER

W Jonker

REGISTERED OFFICE

Private Bag X14
Calvinia
8190

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

PRINCIPLE BANKERS

Standard Bank

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

ATTORNEYS

Louw & Muller
Groenewaldt & Symington

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE HANTAM MUNICIPALITY

WARD

1
2
3
4
5
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

H De Wee
K Alexander
FJ Sterkse
JE Steenkamp
G Opperman
RN Swartz
AJE Claasen
G Gous
HC Steenkamp

HANTAM MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages XX to XX in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



JI Swartz
Municipal Manager

Friday, 30 August 2019
Date

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 R
ASSETS			
Non-Current Assets		336 570 476	283 800 015
Property, Plant and Equipment	2	291 083 261	247 260 543
Agricultural	3	13 500	67 500
Investment Property	4	43 161 000	34 729 700
Intangible Assets	5	575 194	-
Heritage Assets	6	1 618 055	1 618 055
Non-Current Receivables from Exchange Transactions	7	96 888	102 990
Non-Current Receivables from Non-Exchange Transactions	8	22 578	21 227
Current Assets		18 358 900	19 016 201
Inventory	9	175 614	72 112
Receivables from Exchange Transactions	10	4 601 033	3 389 686
Receivables from Non-exchange Transactions	11	2 909 551	1 784 660
Taxes	20,3	8 122 417	6 347 260
Current Portion of Non-Current Receivables	7 & 8	96 223	101 402
Cash and Cash Equivalents	12,1	2 454 063	7 321 082
Total Assets		354 929 376	302 816 216
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		65 890 317	62 627 285
Long-term Borrowings	13	-	164 440
Non-current Provisions	14	33 097 509	30 322 537
Non-current Employee Benefits	15	16 402 917	16 525 176
Trade and Other Payables from Exchange Transactions	18	16 389 892	15 615 132
Current Liabilities		32 898 943	38 925 522
Consumer Deposits	16	989 286	911 979
Current Employee Benefits	17	4 745 868	4 228 284
Trade and Other Payables from Exchange Transactions	18	21 942 485	27 937 962
Unspent Transfers and Subsidies	19	-	5 660 964
Cash and Cash Equivalents	12,3	5 056 864	-
Current Portion of Long-term Borrowings	13	164 440	186 333
Total Liabilities		98 789 261	101 552 807
Net Assets		256 140 115	201 263 409
Revaluation Reserve	21	4 954 489	2 628 176
Accumulated Surplus/(Deficit)		251 185 627	198 635 233
Total Net Assets and Liabilities		354 929 376	302 816 216

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
REVENUE			
Revenue from Non-exchange Transactions		112 588 142	130 152 297
Taxation Revenue		8 421 415	8 387 927
Property Rates	22	8 421 415	8 387 927
Transfer Revenue		97 243 128	115 165 037
Government Grants and Subsidies	23	97 056 964	115 165 037
Public Contributions and Donations		186 165	-
Other Revenue		6 923 598	6 599 333
Actuarial Gains	15	1 084 048	1 066 259
Availability Charges	24	5 799 566	5 483 124
Fines. Penalties and Forfeits		39 984	49 950
Revenue from Exchange Transactions		41 490 543	38 856 203
Service Charges	25	35 461 429	33 358 671
Sales of Goods and Rendering of Services	26	332 111	178 407
Rental from Fixed Assets	27	347 081	349 873
Interest Earned - External Investments	28	1 198 138	1 072 322
Interest Earned - Exchange Transactions	29	2 123 885	1 135 683
Licences and Permits		2 152	657
Agency Services		509 011	925 592
Operational Revenue	30	1 516 735	1 834 998
Total Revenue		154 078 685	169 008 499
EXPENDITURE			
Employee related costs	31	(36 577 964)	(39 913 239)
Remuneration of Councillors	32	(3 102 684)	(3 031 625)
Bad Debts Written Off		(4 889 493)	(10 873 970)
Contracted Services	33	(12 479 654)	(11 581 996)
Depreciation and Amortisation	34	(12 902 905)	(10 033 491)
Finance Costs	35	(4 477 087)	(2 786 675)
Bulk Purchases	36	(20 137 544)	(20 464 378)
Inventory Consumed	9	(1 667 191)	(1 591 112)
Operating Leases		(231 858)	(201 014)
Transfers and Subsidies		(150 929)	(4 381)
Operational Costs	37	(8 826 037)	(7 273 694)
Total Expenditure		(105 443 346)	(107 755 574)
Operating Surplus/(Deficit) for the Year		48 635 339	61 252 925
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	9	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(4 265 198)	2 616 702
Gains/(Loss) on Sale of Fixed Assets	39	(143 703)	1 787 865
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(10 879)	-
Profit/(Loss) on Fair Value Adjustments	40	8 431 300	-
Water Losses	41	(96 463)	(64 412)
NET SURPLUS/(DEFICIT) FOR THE YEAR		52 550 396	65 593 398

HANTAM MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2017	2 628 176	156 554 311	159 182 487
Correction of Error - Note 43.8	-	(23 512 476)	(23 512 476)
Restated balance	2 628 176	133 041 835	135 670 011
Net Surplus/(Deficit) for the year	-	65 593 398	65 593 398
Net Surplus/(Deficit) previously reported	-	66 647 142	66 647 142
Effects of Correction of Errors - Note 43.9	-	(1 053 744)	(1 053 744)
Restated balance at 30 June 2018	2 628 176	198 635 233	201 263 410
Transfer to Revaluation Reserve	2 326 313	-	2 326 313
Balance at 30 June 2019	4 954 489	251 185 630	256 140 119

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		6 136 968	7 803 995
Service Charges		35 571 266	34 565 897
Other Revenue		1 540 372	5 383 752
Government - Operating		27 213 000	25 158 000
Government - Capital		64 183 000	95 642 000
Interest		1 198 138	1 072 322
Dividends		-	-
Cash payments			
Suppliers and Employees		(90 324 764)	(68 452 182)
Finance Charges		(1 346 952)	(82 154)
Transfers and Grants		-	-
Net Cash from Operating Activities	44	44 171 029	101 091 629
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(53 420 623)	(94 494 575)
Purchase of Intangible Assets		(575 194)	-
Decrease/(Increase) in Non-Current Debtors		9 930	93 969
Net Cash from Investing Activities		(53 985 887)	(94 400 606)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term Loans		-	-
Borrowing - Long term/Refinancing		-	-
Increase/(Decrease) in Consumer Deposits		77 307	78 595
Repayment of Borrowing		(186 333)	(154 665)
Net Cash from Financing Activities		(109 026)	(76 070)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(9 923 884)	6 614 953
Cash and Cash Equivalents at the beginning of the year		7 321 082	706 128
Cash and Cash Equivalents at the end of the year	45	(2 602 801)	7 321 082
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9 923 883)	6 614 953

HANTAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by law) R	Final Budget R	Actual Outcome 2019 R	Actual Outcome as % of Final Budget								
									%								
ASSETS																	
Current Assets																	
Cash		22 778 969	(13 159 888)	9 619 081	-	-	9 619 081	2 454 063	-74,49%								
Call Investment Deposits		-	-	-	-	-	-	-	-								
Consumer Debtors		2 100 000	-	2 100 000	-	-	2 100 000	4 601 033	119,10%								
Other Debtors		5 774 292	-	5 774 292	-	-	5 774 292	11 031 968	91,05%								
Current Portion of long-term receivables		-	-	-	-	-	-	96 223	100,00%								
Inventory		80 173	-	80 173	-	-	80 173	175 614	119,04%								
Total Current Assets	48.2.1	30 733 434	(13 159 888)	17 573 546	-	-	17 573 546	18 358 900	4,47%								
Non-Current Assets																	
Long-term Receivables		-	-	-	-	-	-	119 466	100,00%								
Investments		-	-	-	-	-	-	-	-								
Investment Property		26 346 562	-	26 346 562	-	-	26 346 562	43 161 000	63,82%								
Investment in Associates		-	-	-	-	-	-	-	-								
Property, Plant and Equipment		330 235 809	(616 091)	329 619 718	-	-	329 619 718	292 701 316	-11,20%								
Agricultural Assets		-	-	-	-	-	-	-	-								
Biological Assets		67 500	-	67 500	-	-	67 500	13 500	-80,00%								
Intangible Assets		120 000	-	120 000	-	-	120 000	575 194	379,33%								
Other Non-Current Assets		-	-	-	-	-	-	-	-								
Total Non-Current Assets	48.2.2	356 769 871	(616 091)	356 153 780	-	-	356 153 780	336 570 476	-5,50%								
TOTAL ASSETS		387 503 305	(13 775 979)	373 727 326	-	-	373 727 326	354 929 376	-5,03%								
LIABILITIES																	
Current Liabilities																	
Bank Overdraft		-	-	-	-	-	-	5 056 864	-								
Borrowing		-	-	-	-	-	-	164 440	100,00%								
Consumer Deposits		802 000	-	802 000	-	-	802 000	989 286	23,35%								
Trade and Other Payables		12 811 180	(6 615 132)	6 196 048	-	-	6 196 048	21 942 485	254,14%								
Provisions		2 866 297	0	2 866 297	-	-	2 866 297	4 745 868	65,57%								
Total Current Liabilities	48.2.3	16 479 477	(6 615 132)	9 864 345	-	-	9 864 345	32 898 943	233,51%								
Non-Current Liabilities																	
Borrowing		1 852 070	15 615 132	17 467 202	-	-	17 467 202	-	-100,00%								
Provisions		46 768 737	-	46 768 737	-	-	46 768 737	49 500 426	5,84%								
Trade and Other Payables		-	-	-	-	-	-	16 389 892	100,00%								
Total Non-Current Liabilities	48.2.4	48 620 807	15 615 132	64 235 939	-	-	64 235 939	65 890 317	2,58%								
TOTAL LIABILITIES		65 100 284	9 000 000	74 100 284	-	-	74 100 284	98 789 261	33,32%								
NET ASSETS																	
Accumulated Surplus/(Deficit)		319 490 914	(22 775 979)	296 714 935	-	-	296 714 935	251 185 627	-15,34%								
Reserves		2 912 107	-	2 912 107	-	-	2 912 107	4 954 489	70,13%								
TOTAL NET ASSETS	48.2.5	322 403 021	(22 775 979)	299 627 042	-	-	299 627 042	256 140 115	-14,51%								

HANTAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget			Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
				R	R	R					
				R	R	R					
REVENUE											
Property Rates		8 832 882	(48 978)	8 783 904	-	-	8 783 904	8 421 415	-4,13%		
Service Charges - Electricity Revenue		28 527 193	-	28 527 193	-	-	28 527 193	28 518 580	-0,03%		
Service Charges - Water Revenue		11 062 679	(100)	11 062 579	-	-	11 062 579	3 621 412	-67,26%		
Service Charges - Sanitation Revenue		6 533 724	-	6 533 724	-	-	6 533 724	4 366 651	-33,17%		
Service Charges - Refuse Revenue		6 912 728	89 505	7 002 233	-	-	7 002 233	4 754 353	-32,10%		
Rental of Facilities and Equipment		1 088 113	7 411	1 095 524	-	-	1 095 524	347 081	-68,32%		
Interest Earned - External Investments		-	-	-	-	-	-	1 198 138	100,00%		
Interest Earned - Outstanding Debtors		1 946 495	(60 000)	1 886 495	-	-	1 886 495	2 123 885	12,58%		
Dividends Received		-	-	-	-	-	-	-	-		
Fines		34 325	(21 325)	13 000	-	-	13 000	39 984	207,57%		
Licences and Permits		-	2 600	2 600	-	-	2 600	2 152	-17,23%		
Agency Services		809 146	-	809 146	-	-	809 146	509 011	-37,09%		
Transfers Recognised - Operational		27 213 000	-	27 213 000	-	-	27 213 000	27 399 165	-		
Other Revenue		1 681 264	803 863	2 485 127	-	-	2 485 127	10 280 146	313,67%		
Gains on Disposal of PPE		-	-	-	-	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)	48.2.6	94 641 549	772 976	95 414 525	-	-	95 414 525	91 581 973	-4,02%		
EXPENDITURE											
Employee Related Costs		41 314 004	(1 923 644)	39 390 360	-	-	39 390 360	35 493 916	-9,89%		
Remuneration of Councillors		3 254 748	(170 486)	3 084 262	-	-	3 084 262	3 102 684	0,60%		
Debt Impairment		12 980 764	-	12 980 764	-	-	12 980 764	4 265 198	-67,14%		
Depreciation and Asset Impairment		8 042 115	(882 782)	7 159 333	-	-	7 159 333	12 902 905	80,22%		
Finance Charges		2 185 592	15 646	2 201 238	-	-	2 201 238	4 477 087	103,39%		
Bulk Purchases		24 211 321	889 159	25 100 480	-	-	25 100 480	20 137 544	-19,77%		
Other Materials		2 178 315	313 110	2 491 425	-	-	2 491 425	1 667 191	-33,08%		
Contracted Services		9 132 393	1 228 990	10 361 383	-	-	10 361 383	12 479 654	20,44%		
Transfers and Grants		157 950	(107 650)	50 300	-	-	50 300	150 929	200,06%		
Other Expenditure		9 919 251	966 612	10 885 863	-	-	10 885 863	14 054 730	29,11%		
Loss on Disposal of PPE		-	-	-	-	-	-	143 703	100,00%		
Total Expenditure	48.2.7	113 376 453	328 955	113 705 408	-	-	113 705 408	108 875 540	-4,25%		
Surplus/(Deficit)		(18 734 904)	444 021	(18 290 883)	-	-	(18 290 883)	(17 293 567)	-5,45%		
Transfers Recognised - Capital		61 837 000	(2 220 000)	59 617 000	-	-	59 617 000	69 843 964	17,15%		
Contributions Recognised - Capital		-	-	-	-	-	-	-	-		
Contributed Assets		-	-	-	-	-	-	-	100,00%		
Surplus/(Deficit) after Capital Transfers & Contributions											
Taxation		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	52 550 396	27,16%		
Surplus/(Deficit) after Taxation											
Attributable to Minorities		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	52 550 396	27,16%		
Surplus/(Deficit) Attributable to Municipality											
Share of Surplus/(Deficit) of Associate		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	52 550 396	27,16%		
Surplus/(Deficit) for the year		43 102 096	(1 775 979)	41 326 117	-	-	41 326 117	52 550 396	27,16%		

HANTAM MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget		Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget												
			R	R					2019	R											
CASH FLOW FROM OPERATING ACTIVITIES																					
Receipts																					
Taxation																					
Taxation	7 066 306	(11 343)	7 054 963	-	-	-	7 054 963	6 136 968	-13,01%												
Service Charges	46 831 936	36 916	46 868 852	-	-	-	46 868 852	35 571 266	-24,10%												
Other Revenue	3 484 877	(175 104)	3 309 773	-	-	-	3 309 773	1 540 372	-53,46%												
Government - Operating	27 213 000	-	27 213 000	-	-	-	27 213 000	27 213 000	-												
Government - Capital	61 837 000	(2 220 000)	59 617 000	-	-	-	59 617 000	64 183 000	7,66%												
Interest	1 718 787	(1 718 787)	-	-	-	-	-	1 198 138	100,00%												
Dividends	-	-	-	-	-	-	-	-	-												
Payments																					
Suppliers and Employees	(81 127 913)	(13 409 703)	(94 537 616)	-	-	-	(94 537 616)	(90 324 764)	-4,46%												
Finance costs	-	-	-	-	-	-	-	(1 346 952)	-100,00%												
Transfers and Grants	-	-	-	-	-	-	-	-	-												
Net Cash from/(used) Operating Activities	48.2.8	67 023 993	(17 498 021)	49 525 972	-	-	49 525 972	44 171 029	-10,81%												
CASH FLOW FROM INVESTING ACTIVITIES																					
Receipts																					
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-												
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	9 930	100,00%												
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-	-												
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-	-												
Payments																					
Capital Assets	(62 203 000)	723 000	(61 480 000)	-	-	-	(61 480 000)	(53 995 817)	-12,17%												
Net Cash from/(used) Investing Activities	48.2.9	(62 203 000)	723 000	(61 480 000)	-	-	(61 480 000)	(53 985 887)	-12,19%												
CASH FLOW FROM FINANCING ACTIVITIES																					
Receipts																					
Short Term Loans	-	-	-	-	-	-	-	-	-												
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-												
Increase/(Decrease) in Consumer Deposits	60 000	-	60 000	-	-	-	60 000	77 307	28,85%												
Payments																					
Repayment of Borrowing	(631 817)	15 615 132	14 983 315	-	-	-	14 983 315	(186 333)	-101,24%												
Net Cash from/(used) Financing Activities	48.2.10	(571 817)	15 615 132	15 043 315	-	-	15 043 315	(109 026)	-100,72%												
NET INCREASE/(DECREASE) IN CASH HELD																					
Cash and Cash Equivalents at the year begin:	4 249 176	(1 159 889)	3 089 287	-	-	-	3 089 287	(9 923 884)	-421,24%												
Cash and Cash Equivalents at the year end:	18 530 000	(12 000 206)	6 529 794	-	-	-	6 529 794	7 321 082	12,12%												
	22 779 176	(13 160 095)	9 619 081	-	-	-	9 619 081	(2 602 802)	-127,06%												

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transact for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts are set out in **note 43** of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p>	Unknown

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 35 (Revised – April 2019)	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 36 (Revised – April 2019)	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 37 (Revised – April 2019)	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 38 (Revised - April 2019)	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none"> a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 104 (Revised – April 2019)	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model.</p>	Unknown

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019
IGRAP 18	<p><u>Recognition and Derecognition of Land</u></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	1 April 2019
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p>	1 April 2019

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No such transactions or events are expected in the foreseeable future.	
--	--	--

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. *Revaluation Reserve*

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revalued assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revalued amounts, are charged to the Statement of Financial Performance.

1.10. LEASES

1.10.1. *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. *Municipality as Lessor*

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.14. EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense)

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.15.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.3. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.15.4. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

The annual depreciation rates are based on the following estimated useful lives

<u>Land and Buildings</u>	<u>Years</u>
Land	Indefinite
Buildings	10-50
<u>Infrastructure</u>	
Roads and Streets	3-50
Electricity Mains	12-50
Water Mains and Purification	4-60
Sewerage Mains & Purification	15-60
Security measures	14-20

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Community

Recreation Grounds	7-30
Fire, Safety and Emergency	4-10
Libraries	30
Clinics and Hospitals	10-50

Finance lease assets

Office equipment	3
------------------	---

Other

Motor Vehicles	7-15
Office equipment	6-8
Furniture and fittings	7
Bins and containers	7
Plant and Equipment	7
Landfill sites	1-20
Emergency equipment	8
Computer equipment	3-5

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differ from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.5. *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.15.6. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	3-12

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Intangible Assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.16.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.17. INVESTMENT PROPERTY

1.17.1. *Initial Recognition*

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2. *Subsequent Measurement – Fair Value Model*

Subsequent to initial recognition, items of investment property is measured at fair value. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.17.3. *De-recognition*

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.4. *Application of deemed cost (Directive 7)*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015.

1.18. AGRICULTURE

1.18.1. *Initial Recognition*

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell. Bearer plants are recognised as Property, Plant and Equipment in terms of GRAP 17.

1.18.2. *Subsequent Measurement*

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.19. HERITAGE ASSETS

1.19.1. *Initial Recognition*

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, are valued at the lower of cost and net realisable value unless they are to be

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.22.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.22.3. *De-recognition*

1.22.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality’s continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.22.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.23. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1. *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2. *Subsequent Measurement*

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3. *Derecognition*

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.24. REVENUE

1.24.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.24.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

HANTAM MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Revaluation	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance	
Infrastructure													
Roads and Storm Water	37 739 637	-	5 917 257	-	-	43 656 893	7 807 474	-	2 273 850	-	-	10 081 323	33 575 570
Electricity	19 404 438	-	11 198 661	-	-	30 603 099	10 012 370	-	713 289	-	-	10 725 660	19 877 440
Water Supply	141 180 023	-	34 582 476	-	-	175 762 499	11 506 973	-	4 035 285	-	-	15 542 258	160 220 240
Sanitation	53 932 789	-	-	-	-	53 932 789	6 715 787	-	1 295 293	-	-	8 011 080	45 921 709
Solid Waste	14 717 500	-	1 079 274	-	-	15 796 774	4 248 360	-	1 304 582	-	-	5 552 941	10 243 833
	266 974 387	-	52 777 667	-	-	319 752 054	40 290 964	-	9 622 299	-	-	49 913 262	269 838 792
Community Assets													
Community Facilities	8 743 424	-	31 522	-	-	8 774 946	2 231 235	-	365 773	-	-	2 597 009	6 177 937
Sport and Recreation Facilities	7 645 271	-	-	-	-	7 645 271	883 926	-	72 732	-	-	956 658	6 688 613
Outdoor Facilities	16 388 695	-	31 522	-	-	16 420 216	3 115 161	-	438 506	-	-	3 553 667	12 866 550

30 JUNE 2019 (*Continue*)

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Revaluation	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance	
Other Assets													
Other Land	1 346 153	-	-	441 258	(2 000)	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	3 687 884	-	-	1 885 055	-	5 572 939	2 472 948	-	1 453 959	-	-	-	3 926 907
Furniture and Office Equipment	3 921 523	-	324 264	-	(260 226)	3 985 561	2 767 190	-	406 357	-	(221 047)	2 952 501	1 033 060
Machinery and Equipment	1 389 933	-	63 465	-	(145 722)	1 307 676	659 679	-	191 677	-	(125 982)	725 374	582 301
Transport Assets	8 114 798	-	1 302 965	-	(213 754)	9 204 009	5 556 117	-	697 163	-	(205 580)	6 047 700	3 156 309
	18 460 291	-	1 690 693	2 326 313	(621 702)	21 855 595	11 455 934	-	2 749 156	-	(552 608)	13 652 482	8 203 113
Leases													
Furniture and Office Equipment	539 815	-	-	-	(74 307)	465 508	240 576	-	103 823	-	(53 698)	290 701	174 807
	539 815	-	-	-	(74 307)	465 508	240 576	-	103 823	-	(53 698)	290 701	174 807
Total	302 363 188	-	54 499 882	2 326 313	(696 009)	358 493 373	55 102 634	-	12 913 784	-	(606 306)	67 410 112	291 083 261

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.2 30 JUNE 2018

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Transfers	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance	
Infrastructure	72 187 657	(47 805 303)	13 414 083	-	(56 801)	37 739 637	18 836 193	(13 167 597)	2 172 770	-	(33 892)	7 807 474	29 932 163
	20 596 227	(1 668 770)	476 981	-	-	19 404 438	13 047 269	(3 534 328)	494 082	-	5 347	10 012 370	9 392 068
	86 799 125	(15 501 217)	69 882 115	-	-	141 180 023	40 815 838	(31 765 021)	2 456 156	-	-	11 506 973	129 673 050
	55 064 801	(6 980 437)	5 964 642	-	(116 217)	53 932 789	17 626 887	(12 087 157)	1 214 489	-	(38 432)	6 715 787	47 217 002
	19 657 207	(4 939 706)	-	-	-	14 717 500	868 923	1 769 095	1 610 341	-	-	4 248 360	10 469 141
	254 305 017	(76 895 433)	89 737 821	-	(173 018)	266 974 387	91 195 110	(58 785 007)	7 947 839	-	(66 978)	40 290 964	226 683 424
Community Assets	17 940 578	(15 171 083)	5 973 929	-	-	8 743 424	3 994 459	(2 128 997)	365 773	-	-	2 231 235	6 512 189
	2 555 605	5 089 666	-	-	-	7 645 271	1 305 380	(494 186)	72 732	-	-	883 926	6 761 345
	20 496 183	(10 081 417)	5 973 929	-	-	16 388 695	5 299 839	(2 623 183)	438 506	-	-	3 115 161	13 273 534

30 JUNE 2018 (Continue)

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance	
Other Assets	3 319 410	(1 973 258)	-	-	-	1 346 153	-	-	-	-	-	-	1 346 153
	12 563 224	(8 875 340)	-	-	-	3 687 884	6 885 987	(4 571 594)	158 555	-	-	-	2 472 948
	4 730 027	215 665	216 307	-	(1 240 475)	3 921 523	3 319 331	91 836	407 840	-	(1 051 816)	2 767 190	1 154 333
	1 699 383	(34 880)	275 411	-	(549 981)	1 389 933	1 174 704	(207 543)	137 991	-	(445 474)	659 679	730 254
	9 227 426	110 380	-	-	(1 223 008)	8 114 798	5 858 725	130 979	572 318	-	(1 005 906)	5 556 117	2 558 682
	31 539 470	(10 557 433)	491 718	-	(3 013 464)	18 460 291	17 238 747	(4 556 322)	1 276 704	-	(2 503 195)	11 455 934	7 004 357
Leases	539 815	-	-	-	-	539 815	60 637	-	179 939	-	-	-	240 576
	539 815	-	-	-	-	539 815	60 637	-	179 939	-	-	-	240 576
Total	306 880 485	(97 534 283)	96 203 468	-	(3 186 482)	302 363 188	113 794 333	(65 964 512)	9 842 987	-	(2 570 173)	55 102 634	247 260 554

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	30 277 046	73 882 364
Roads	5 608 752	297 321
Electricity	348 455	-
Water Supply	24 319 839	73 585 043
Community Assets	-	5 973 929
Total Property, Plant and Equipment under construction	30 277 046	79 856 293

The movements for the year can be reconciled as follows:

Balance at beginning of year	79 856 293	35 487 516
Correction of Error - Note 43.1	-	(4 854 166)
Restated Balance	79 856 293	30 633 350
Expenditure during the year	53 280 933	84 252 668
Assets unbundled during the year	(101 309 162)	(35 029 725)
Transfer to Other Assets	(148 680)	-
Transfer to Operational Expenditure	(827 144)	-
Transfer to Intangible Assets	(575 194)	-
Total Property, Plant and Equipment under construction	30 277 046	79 856 293

2.4 There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.

2.5 There are no Property, Plant and Equipment where construction or development has been halted.

2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:

Employee related costs	-	-
Other materials	55 207	136 754
Contracted Services	2 295 668	9 865 613
Other Expenditure	7 769 763	59 212
Total Repairs and Maintenance	10 120 639	10 061 579

2.7 Assets pledged as security:

Leased Property, Plant and Equipment of R174 807 (2018: R299 240) is secured for leases as set out in Note 13.

2.8 Details of Valuation

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, *HCB Property Valuations, HC Botha and P le Roux*. The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019 R	2018 R
-----------	-----------

Reconciliation of Revaluation Surplus:

Opening balance	2 628 176	2 628 176
Movement for the period	2 326 313	-
Closing balance	<u>4 954 489</u>	<u>2 628 176</u>

2.9 Contractual commitments for acquisition of Property, Plant and Equipment:

Approved and contracted for:	122 558 211	26 163 307
Infrastructure	122 558 211	26 160 517
Community	-	2 790
Other	-	-
Total	<u>122 558 211</u>	<u>26 163 307</u>
This expenditure will be financed from:		
Government Grants	122 558 211	26 163 307
Total	<u>122 558 211</u>	<u>26 163 307</u>

3. AGRICULTURAL

3.1 Biological Assets that form part on an agricultural activity:

Consumable Biological Asset	Quantity (Units)	Fair Value	2019 R	2018 R
Springbuck	30	450	13 500	67 500
Total Consumable Biological Assets		450	13 500	67 500
Total Biological Assets		450	13 500	67 500

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

Balance beginning of year	67 500	67 500
Additions	-	-
Disposals	(54 000)	-
Transfers	-	-
Other changes	-	-
Balance end of year	13 500	67 500

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
4. INVESTMENT PROPERTY		
4.1 Net Carrying amount at 1 July	34 729 700	34 729 700
Valuation	34 729 700	36 670 418
Correction of Error - Note 43.2	-	(1 940 718)
Additions	-	-
Gains/(Losses) arising from changes in fair value	8 431 300	-
Other changes	-	-
Net Carrying amount at 30 June	43 161 000	34 729 700
Valuation	43 161 000	34 729 700
4.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	290 732	311 295

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

HCB Property Valuation concluded the new General Valuation Roll for Hantam Municipality during the 2018/19 financial year. The new valuation roll was implemented on 1 July 2019. The valuation roll was used to calculate the fair value of Investment Properties on 30 June 2019.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
5. INTANGIBLE ASSETS		
5.1 Net Carrying amount at 1 July	-	-
Cost	-	725 218
Correction of Error - Note 43.3	-	(725 218)
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-
Additions	575 194	-
Net Carrying amount at 30 June	575 194	-
Cost	575 194	-
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-

Intangible Assets which is in the process of being constructed or developed.

Servitudes	575 194	-
Total	575 194	-

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

6. HERITAGE ASSETS

	1 618 055	1 618 055
6.1 Net Carrying amount at 1 July	1 618 055	1 618 055
Cost	1 618 055	1 335 555
Correction of Error - Note 43.4	-	282 500
Additions	-	-
Disposals	-	-
Other changes	-	-
Net Carrying amount at 30 June	1 618 055	1 618 055
Cost	1 618 055	1 618 055
Calvinia Museum	1 300 000	1 300 000
Loeriesfontein Museum Erven 355	282 500	-
Kerkstraat Erven 301 & 302	10 000	10 000
Akkerendam Nature Reserve	25 556	25 556
	1 618 056	1 335 556

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

There are no Heritage Assets where construction or development has been halted.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There was no expenditure incurred for repairs and maintenance of Heritage Assets.

	2019 R	2018 R
7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	175 637	187 063
Electricity	3 612	12 318
Water	57 765	47 895
Waste Management	33 729	37 885
Waste Water Management	25 943	42 609
Other Service Charges	54 588	46 356
<u>Less:</u> Current portion transferred to Receivables from Exchange Transactions	(78 749)	(84 074)
Total Non-Current Receivables from Exchange Transactions	96 888	102 990
8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	40 052	38 555
Rates	40 052	38 555
<u>Less:</u> Current portion transferred to Receivables from Non-Exchange Transactions	(17 473)	(17 328)
Total Non-Current Receivables from Non-Exchange Transactions	22 578	21 227
9. INVENTORY		
Water	175 614	72 112
Total Inventory	175 614	72 112
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
9.1 Inventories recognise as an expense during the year:		
Materials and Supplies	1 667 191	1 735 375
Water	-	37 884
Total	1 667 191	1 773 259
10. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	6 309 904	5 026 452
Water	12 854 798	9 888 432
Waste Management	9 036 204	7 513 681
Waste Water Management	5 564 334	4 824 114
Other Arrears	3 214 019	6 553 388
Correction of Error - Note 43.5	-	(7 847)
Total: Receivables from exchange transactions (before provision)	36 979 259	33 798 221
<u>Less:</u> Provision for Debt Impairment	(32 378 226)	(30 408 535)
Total: Receivables from exchange transactions (after provision)	4 601 033	3 389 686

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Debtors with a total outstanding balance of R175 637 (2018 - R187 063) have arranged to settle their account over an re-negotiated period. Total payments to the value of R96 888 (2018 - R102 990) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

	2019 R	2018 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	2 433 212	2 093 192
31 - 60 Days	219 222	191 005
61 - 90 Days	126 765	163 489
+ 90 Days	3 530 705	2 578 767
Total	6 309 904	5 026 452
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 647 890	1 014 851
31 - 60 Days	364 034	303 919
61 - 90 Days	408 442	340 919
+ 90 Days	10 434 432	8 228 743
Total	12 854 798	9 888 432
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	686 554	564 062
31 - 60 Days	225 474	195 703
61 - 90 Days	216 777	179 351
+ 90 Days	7 907 399	6 574 565
Total	9 036 204	7 513 681
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	604 911	529 756
31 - 60 Days	184 891	163 529
61 - 90 Days	163 803	159 318
+ 90 Days	4 610 729	3 971 511
Total	5 564 334	4 824 114
<u>(Other): Ageing</u>		
Current (0 - 30 days)	153 007	148 607
31 - 60 Days	78 506	65 358
61 - 90 Days	86 974	62 993
+ 90 Days	2 895 532	6 276 430
Total	3 214 019	6 553 388
<u>(Total): Ageing</u>		
Current (0 - 30 days)	5 525 574	4 350 468
31 - 60 Days	1 072 127	919 514
61 - 90 Days	1 002 761	906 070
+ 90 Days	29 378 797	27 630 017
Total	36 979 259	33 806 069
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	30 408 535	34 009 632
Contribution to provision	1 712 775	-
VAT on provision	256 916	(469 708)
Reversal of provision	-	(3 131 389)
Balance at end of year	32 378 226	30 408 535

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
The total amount of this provision is R32 378 226 and consist of:		
Services	32 378 226	30 408 535
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	32 378 226	30 408 535

Ageing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	31 453 685	-
	31 453 685	-

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	12 921 636	10 637 188
Insurance Claims	-	12 957
Other Receivables	1 660 733	254 909
Less: Provision for Debt Impairment	(11 672 817)	(9 120 394)
Total Receivables from non-exchange transactions	2 909 551	1 784 660

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R40 052 (2018 - R38 555) have arranged to settle their account over an re-negotiated period. Total payments to the value of R17 473 (2018 - R17 328) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

(Rates): Ageing

Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
Total	12 921 636	10 637 188

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2019			
Current (0 - 30 days)	703 174	128 922	28 976
31 - 60 Days	219 955	16 354	3 757
61 - 90 Days	229 125	15 660	2 044
+ 90 Days	10 063 735	630 914	879 021
Sub-total	11 215 989	791 850	913 797
Less: Provision for Debt Impairment	(10 132 014)	(715 321)	(825 483)
Total debtors by customer classification	1 083 975	76 528	88 315

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018			
Current (0 - 30 days)	2 742 920	935 865	528 138
31 - 60 Days	902 125	72 850	158 456
61 - 90 Days	891 183	51 056	158 224
+ 90 Days	34 873 594	1 574 565	1 554 281
Sub-total	39 409 822	2 634 336	2 399 099
Less: Provision for Debt Impairment	<u>(37 012 212)</u>	<u>(1 317 168)</u>	<u>(1 199 550)</u>
Total debtors by customer classification	<u>2 397 610</u>	<u>1 317 168</u>	<u>1 199 550</u>

2019	2018
R	R

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	<u>11 672 817</u>	<u>9 120 394</u>

The total amount of this provision is R11 672 817 and consist of:

Taxes	11 672 817	9 120 394
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<u>11 672 817</u>	<u>9 120 394</u>

Ageing of amounts past due but not impaired:

1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	<u>12 060 564</u>	<u>768 116</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

12. BANK ACCOUNTS

12.1 Cash and Cash Equivalents

Current Accounts	117 860	752 859
Call Deposits and Investments	2 334 702	6 646 445
Cash On-hand	1 500	1 500
Correction of Error - Note 43.6	-	(79 721)
Total Cash and Cash Equivalents - Assets	<u>2 454 063</u>	<u>7 321 082</u>

12.3 Liabilities

Current Accounts	(5 056 864)	-
Total Cash and Cash Equivalents - Liabilities	<u>(5 056 864)</u>	<u>-</u>

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	(5 056 864)	664 002
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	30 435	88 857
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	87 425	-
	<u>(4 939 003)</u>	<u>752 859</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Call Deposits and Investments</u>		
Call Deposit CRR - Standard Bank Account No. 088673669021:	207 151	140 544
Financial Management Grant - Standard Bank Account No. 088673669024:	4 169	7 831
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	3 647	3 565
Hantam DBSA - Standard Bank Account No. 088673669025:	25 673	5 685 807
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	2 081 118	761 993
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	5 762	39 931
Hantam EPWP - Standard Bank Account No. 088673669027:	1 140	1 115
Hantam INEP - Standard Bank Account No. 088673669028:	6 042	5 659
	2 334 702	6 646 445

Details of current accounts are as follow:

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):

Cash book balance at beginning of year	664 002	629 177
Cash book balance at end of year	<u>(5 056 864)</u>	<u>664 002</u>
Bank statement balance at beginning of year	655 435	504 110
Bank statement balance at end of year	<u>317 071</u>	<u>655 435</u>

ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):

Cash book balance at beginning of year	88 857	86 004
Cash book balance at end of year	<u>30 435</u>	<u>88 857</u>
Bank statement balance at beginning of year	67 048	75 240
Bank statement balance at end of year	<u>77 468</u>	<u>67 048</u>

Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):

Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>87 425</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>87 425</u>	<u>-</u>

Details of call investment accounts are as follow:

Call Deposit CRR - Standard Bank Account No. 088673669021:

Cash book balance at beginning of year	140 544	13 507
Cash book balance at end of year	<u>207 151</u>	<u>140 544</u>
Bank statement balance at beginning of year	140 544	13 507
Bank statement balance at end of year	<u>207 151</u>	<u>140 544</u>

Financial Management Grant - Standard Bank Account No. 088673669024:

Cash book balance at beginning of year	7 831	27 613
Cash book balance at end of year	<u>4 169</u>	<u>7 831</u>
Bank statement balance at beginning of year	7 831	27 613
Bank statement balance at end of year	<u>4 169</u>	<u>7 831</u>

Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:

Cash book balance at beginning of year	3 565	3 466
Cash book balance at end of year	<u>3 647</u>	<u>3 565</u>
Bank statement balance at beginning of year	3 565	3 466
Bank statement balance at end of year	<u>3 647</u>	<u>3 565</u>

Hantam DBSA - Standard Bank Account No. 088673669025:

Cash book balance at beginning of year	5 685 807	1 519
Cash book balance at end of year	<u>25 673</u>	<u>5 685 807</u>
Bank statement balance at beginning of year	5 685 807	1 519
Bank statement balance at end of year	<u>25 673</u>	<u>5 685 807</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:

Cash book balance at beginning of year	761 993	19 295
Cash book balance at end of year	<u>2 081 118</u>	<u>761 993</u>

Bank statement balance at beginning of year	761 993	19 295
Bank statement balance at end of year	<u>2 081 118</u>	<u>761 993</u>

2019	2018
R	R

Hantam Surplus Cash - Standard Bank Account No. 088673669026:

Cash book balance at beginning of year	39 931	1 573
Cash book balance at end of year	<u>5 762</u>	<u>39 931</u>

Bank statement balance at beginning of year	39 931	1 573
Bank statement balance at end of year	<u>5 762</u>	<u>39 931</u>

Hantam EPWP - Standard Bank Account No. 088673669027:

Cash book balance at beginning of year	1 115	1 084
Cash book balance at end of year	<u>1 140</u>	<u>1 115</u>

Bank statement balance at beginning of year	1 115	1 084
Bank statement balance at end of year	<u>1 140</u>	<u>1 115</u>

Hantam INEP - Standard Bank Account No. 088673669028:

Cash book balance at beginning of year	5 659	1 113
Cash book balance at end of year	<u>6 042</u>	<u>5 659</u>

Bank statement balance at beginning of year	5 659	1 113
Bank statement balance at end of year	<u>6 042</u>	<u>5 659</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

13. LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost	164 440	350 773
Less: Current Portion transferred to Current Liabilities	164 440	350 773
Capitalised Lease Liability - At amortised cost	(164 440)	(186 333)
	(164 440)	(186 333)
	0	164 440
Total Long-term Borrowings	0	164 440
	0	164 440

13.1 The obligations under finance leases are scheduled below:

		Minimum payments
Amounts payable under finance leases:		
Payable within one year	177 615	236 820
Payable within two to five years	-	177 615
Payable after five years	-	-
	177 615	414 435
Less: Future finance obligations	(13 176)	(63 663)
Present value of finance lease obligations	164 440	350 772

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Kyocera	Copier	17-23%	0%	3 Years	01/03/2020

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 2

14. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	33 097 509	30 322 537
Total Non-current Provisions	33 097 509	30 322 537
	2019 R	2018 R

14.1 Landfill Sites

Balance 1 July	30 322 537	27 361 781
Contribution for the year	1 695 698	1 580 796
Change in Provision for Rehabilitation Cost	1 079 274	1 379 960
Total provision 30 June	33 097 509	30 322 537
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	33 097 509	30 322 537

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation volume (m³)	28 395	33 017	7 153	3 791
Preliminary and general (Rand)	1 032 105	1 397 998	315 557	192 058
Site Clearance and Preparation	87 457	101 692	22 031	11 676
Storm water control measures (Rand)	1 346 202	1 385 797	621 680	490 071
Capping (Rand)	5 565 625	6 462 753	1 413 795	701 626
Gas Management (Rand)	-	-	-	-
Leachate Management (Rand)	362 559	672 395	186 141	158 139
Fencing (Rand)	10 333	1 363 060	10 333	10 333
Environmental Authorisation Closing License (Rand)	438 691	438 691	438 691	438 691
Technical ROD (Rand)	92 644	92 644	92 644	92 644
Install Groundwater Monitoring Boreholes with locable caps (Rand)	194 212	157 089	162 911	172 950
Landscape Architects (Rand)	123 111	123 111	123 111	123 111
Water use licence (Rand)	18 212	18 212	18 212	18 212
Topographical Survey (Rand)	5 830	6 763	5 830	5 830
Contingencies (Rand)	840 428	1 138 370	256 954	156 390
Engineering: Professional Fees (Rand)	693 353	939 155	211 987	129 022
Site Supervision (Engineer's Representative) (Rand)	261 281	358 645	192 325	138 503
Site Supervision (Environmental Control Officer & OHS Agent)	86 247	162 858	117 345	91 180

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost at the current inflation rate of 5,40%, and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2019	2018
		R	R
Brandvlei	2080	275 978 307	274 543 351
Calvinia	2025	20 317 459	19 589 568
Loeriesfontein	2028	6 725 625	6 897 703
Nieuwoudtville	2035	6 798 016	6 446 521
		309 819 407	307 477 143

15. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	14 563 311	14 791 118
Provision for Long Service Awards	1 839 606	1 734 058
Total Non-current Employee Benefits	16 402 917	16 525 176

Post Retirement Health Care Benefits

Balance 1 July	15 644 801	12 327 937
Contribution for the year	1 799 690	1 416 546
Expenditure for the year	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial Loss/(Gain)	(977 541)	(911 395)
Total provision 30 June	15 487 103	15 644 801
Less: Transfer of Current Portion to Current Provisions - Note 17	(923 792)	(853 683)
Balance 30 June	14 563 311	14 791 118

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Long Service Awards</u>		
Balance 1 July	1 978 590	1 849 647
Contribution for the year	334 615	370 676
Expenditure for the year	(108 655)	(86 869)
Actuarial Loss/(Gain)	(106 507)	(154 864)
Total provision 30 June	2 098 043	1 978 590
Less: Transfer of Current Portion to Current Provisions - Note 17	(258 437)	(244 532)
Balance 30 June	1 839 606	1 734 058

15.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	22	23
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	15	15
Total Members	37	38

The liability in respect of past service has been estimated to be as follows:

In-service members	4 073 242	5 291 229
Continuation members	11 413 861	10 353 572
Total Liability	15 487 103	15 644 801

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	5 362 866	4 847 341	7 257 839
Continuation members	6 965 071	6 547 437	5 524 918
Total Liability	12 327 937	11 394 778	12 782 757

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
Samwumed

The Current-service Cost for the ensuing year is estimated to be R228 221, whereas the Interest Cost for the next year is estimated to be R1 372 722.

	2019 %	2018 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	9,13%	9,42%
Health Care Cost Inflation Rate	6,64%	7,27%
Net Effective Discount Rate	2,33%	2,00%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 62 years.		
iv) Expected rate of salary increases		

2019/2020 - CPI + 1,5%
2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	15 487 103	15 644 801
Fair value of plan assets	-	-
	<u>15 487 103</u>	<u>15 644 801</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>15 487 103</u>	<u>15 644 801</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	15 644 801	12 327 937
Total expenses	819 843	723 756
Current service cost	365 253	292 821
Interest Cost	1 434 437	1 123 725
Benefits Paid	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial (gains)/losses	(977 541)	(911 395)
Present value of fund obligation at the end of the year	<u>15 487 103</u>	<u>15 644 801</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	4,073	11,414	15,487

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	4,912	12,576	17,488	13%
Health care inflation	-1%	3,409	10,409	13,818	-11%
Post-retirement mortality	-1 year	4,193	11,832	16,025	3%
Average retirement age	-1 year	4,378	11,414	15,792	2%
Withdrawal Rate	-10%	3,558	11,414	14,972	-3%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	228 200	1 372 700	1 600 900

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	284 400	1 555 200	1 839 600	15%
Health care inflation	-1%	184 800	1 220 500	1 405 300	-12%
Post-retirement mortality	-1 year	234 900	1 421 900	1 656 800	3%
Average retirement age	-1 year	251 100	1 400 500	1 651 600	3%
Withdrawal Rate	-10%	199 800	1 325 700	1 525 500	-5%
				2019 Rm	2018 Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0,464	0,297
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	1,118	0,863	1,007
Assets: Gain / (loss)	-	-	-

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 138 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R198 525 whereas the Interest Cost for the next year is estimated to be R158 297.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	8,03%	8,49%
General Salary Inflation (long-term)	5,47%	6,12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,43%	2,23%
	2019 R	2018 R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 098 043	1 978 590
Fair value of plan assets	-	-
	2 098 043	1 978 590
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	2 098 043	1 978 590

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 978 590	1 849 647
Total expenses	225 960	215 429
Current service cost	176 802	153 342
Interest Cost	157 813	148 956
Benefits Paid	(108 655)	(86 869)
Effect of Valuing different Policy	-	68 378
Actuarial (gains)/losses	(106 507)	(154 864)
Present value of fund obligation at the end of the year	2 098 043	1 978 590

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		2,098	
General salary inflation	1%	2,221	6%
General salary inflation	-1%	1,986	-5%
Average retirement age	-2 yrs	1,877	-11%
Average retirement age	2 yrs	2,235	7%
Withdrawal rates	-50%	2,348	12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	198 500	158 300	356 800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings care inflation	1%	214 600	168 200	382 800	7%
General earnings care inflation	-1%	184 100	149 300	333 400	-7%
Discount rate	1%	185 300	167 500	352 800	-1%
Discount rate	-1%	213 500	147 700	361 200	1%
Average retirement age	-2 year	180 500	141 800	322 300	-10%
Average retirement age	2 year	213 200	169 300	382 500	7%
Withdrawal Rate	-50%	238 600	178 400	417 000	17%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0,102	0,132
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0,230	0,003	0,190
Assets: Gain / (loss)	-	-	-

15.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance		
Consolidated Retirement Fund	3 017 947	2 870 088
Municipal Workers Retirement Fund	635 171	681 187
	<hr/>	<hr/>
	3 653 118	3 551 275
	<hr/>	<hr/>

16. CONSUMER DEPOSITS

Electricity	909 156	839 721
Rental Properties	80 130	72 258
Total Consumer Deposits	989 286	911 979
	<hr/>	<hr/>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

17. CURRENT EMPLOYEE BENEFITS

Performance Bonuses	381 377	276 571
Staff Bonuses	1 116 454	1 089 173
Staff Leave	2 065 808	1 764 326
Current Portion of Non-Current Provisions	1 182 229	1 098 215
	<hr/>	<hr/>
Current Portion of Post Retirement Benefits - Note 15	923 792	853 683
Current Portion of Long-Service Provisions - Note 15	258 437	244 532
Total Provisions	4 745 868	4 228 284
	<hr/>	<hr/>

The movement in current provisions are reconciled as follows:

17.1 Performance Bonuses

Balance at beginning of year	276 571	210 874
Transfer from non-current	-	-
Contribution to current portion	104 806	65 697
Expenditure incurred	-	-
	<hr/>	<hr/>
Balance at end of year	381 377	276 571
	<hr/>	<hr/>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

17.2 Staff Bonuses

Balance at beginning of year	1 089 173	1 011 124
Contribution to current portion	2 821 233	2 878 039
Expenditure incurred	(2 793 952)	(2 799 990)
	<hr/>	<hr/>
Balance at end of year	1 116 454	1 089 173
	<hr/>	<hr/>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

17.3 Staff Leave

Balance at beginning of year	1 764 326	1 783 842
Contribution to current portion	441 279	110 707
Expenditure incurred	(139 797)	(130 223)
	<hr/>	<hr/>
Balance at end of year	2 065 808	1 764 326
	<hr/>	<hr/>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	8 571 052	22 287 649
Advance Payments	1 197 910	713 646
Control, Clearing and Interface Accounts	71 164	100
Other Payables	3 689 876	4 687 044
Department of Transport	16 389 892	15 615 132
Retentions	8 412 483	10 431 582
Correction of Error - Note 43.6	-	(10 182 059)
Total Trade Payables	38 332 377	43 553 094

Disclosed as:

Trade and Other Payables	21 942 485	27 937 962
Non-Current Trade and Other Payables	16 389 892	15 615 132
Total Trade Payables	38 332 377	43 553 094

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

19. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	-	5 660 964
National Government Grants	-	5 660 964
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	-	5 660 964

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

20. TAXES

20.1	VAT Payable	-	-
	VAT Output in Suspense	(2 849 241)	(3 880 763)
Less:	Contribution to Provision for Doubtful Debt Impairment	2 524 071	2 267 155
	Total VAT Payable	(325 169)	(1 613 608)
20.2	VAT Receivable	3 665 521	3 219 738
	VAT Input in Suspense	4 782 065	4 741 129
	Total VAT Receivable	8 447 586	7 960 867
20.3	Net VAT (Payable)/Receivable	8 122 417	6 347 260

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
21. NET ASSET RESERVES		
RESERVES	4 954 489	2 628 176
Revaluation Reserve	4 954 489	2 628 176
Total Net Asset Reserve and Liabilities	4 954 489	2 628 176
	4 954 489	2 628 176

21.1 The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.

22. PROPERTY RATES

Actual

Rateable Land and Buildings

Business and Commercial Property
Public Benefit Organisations
Residential Properties
State-owned Properties
Agricultural Property

Less: Revenue Forgone

Total Property Rates

Valuations - 1 July 2018

Rateable Land and Buildings

Business and Commercial Property
Farm Properties
Industrial Property
Municipal Properties
Public Benefit Organisations
Public Service Infrastructure Properties
Residential Properties
Small Holdings
State-owned Properties
Agricultural Property
Other Categories

Total Assessment Rates

16 472 339	16 038 344
1 554 987	1 450 064
5 466 203	5 191 059
6 635 116	6 652 501
916 985	884 298
1 899 048	1 860 422
(8 050 923)	(7 650 417)
8 421 415	8 387 927

3 507 788 200	3 554 565 300
123 517 000	125 031 300
28 938 100	28 070 600
2 213 200	2 213 200
16 847 000	16 773 200
17 257 800	17 174 400
414 491 900	414 492 900
489 928 800	493 342 600
4 706 300	5 796 500
72 444 800	72 444 800
2 273 000 200	2 312 365 200
64 443 100	66 860 600
3 507 788 200	3 554 565 300

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development. The next valuation was exempted to 1 July 2019.

	2019	2018
Basic Rate		
Brandvlei - Land and buildings	1.2663045c/R	1.2025684c/R
Calvinia - Land and buildings	1.2663045c/R	1.2025684c/R
Loeriesfontein - Land and buildings	1.2663045c/R	1.2025684c/R
Nieuwoudtville - Land and buildings	1.2663045c/R	1.2025684c/R
Agriculture Properties	0.0835329c/R	0.0793285c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R35 000 on the valuation is exempted.
Agriculture - 35% Discount
Government - 20% Discount

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	27 213 000	25 184 000
Equitable Share	22 818 000	21 047 000
Expanded Public Works Programme Integrated Grant	1 345 000	1 000 000
Local Government Financial Management Grant	1 970 000	1 900 000
Libraries, Archives and Museums	1 080 000	1 237 000
Government Grants and Subsidies - Capital	69 843 964	89 981 037
Integrated National Electrification Programme Grant	-	1 000 000
Municipal Infrastructure Grant	7 436 000	16 716 000
Water Services Infrastructure Grant	13 160 964	4 000 000
Regional Bulk Infrastructure Grant	49 247 000	68 265 037
Total Government Grants and Subsidies	97 056 964	115 165 037
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>		
Equitable Share	22 818 000	21 047 000
<u>Conditional</u>		
Local Government Financial Management Grant	74 238 964	94 118 037
Municipal Infrastructure Grant	1 970 000	1 900 000
Integrated National Electrification Programme Grant	7 436 000	16 716 000
Regional Bulk Infrastructure Grant	-	1 000 000
Expanded Public Works Programme	49 247 000	68 265 037
Municipal Water Infrastructure Grant	1 345 000	1 000 000
Libraries, Archives and Museums	13 160 964	4 000 000
	1 080 000	1 237 000
Total Government Grants and Subsidies	97 056 964	115 165 037
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	22 818 000	21 047 000
Finance and Administration	1 970 000	1 900 000
Community and social services	1 080 000	1 297 000
Sport and recreation	346 000	6 903 473
Road Transport	3 495 000	3 619 482
Energy Sources	-	1 000 000
Water Management	62 407 964	72 365 037
Waste Water Management	4 940 000	6 633 045
Waste Management	-	400 000
Total Government Grants and Subsidies	97 056 964	115 165 037
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
23.1 <u>Equitable Share</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	22 818 000	21 047 000
Interest received	-	-
Rpaid to National Revenue Fund	-	-
Conditions met - Operating	(22 818 000)	(21 047 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 970 000	1 900 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 970 000)	(1 900 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Infrastructure Grant (MIG)

Opening balance	-	26 000
Correction of Error	-	-
Grants received	7 436 000	16 716 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	-	-
Conditions met - Capital	(7 436 000)	(16 716 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

23.4 Integrated National Electrification Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	-	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(1 000 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.5 Library Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	1 080 000	1 237 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 080 000)	(1 237 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>

The grant was used to finance library activities.

23.6 Regional Bulk Infrastructure Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	49 247 000	65 426 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(49 247 000)	(65 426 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The Regional Infrastructure Grant was utilised to upgrade infrastructure in previously disadvantaged areas.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23.7 <u>Expanded Public Works Programme</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 345 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 345 000)	(1 000 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>
The grant was used for job creation.		
23.8 <u>Municipal Water Infrastructure Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	7 500 000	4 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(7 500 000)	(4 000 000)
Conditions still to be met	-	-
	<hr/>	<hr/>
The grant was used for drought relief projects.		
23.9 <u>Municipal Disaster Grant</u>		
Opening balance	5 660 964	-
Correction of Error	-	-
Grants received	-	8 500 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(5 660 964)	(2 839 037)
Conditions still to be met	-	5 660 964
	<hr/>	<hr/>
The grant was used for drought relief projects.		
23.10 <u>Total Grants</u>		
Opening balance	5 660 964	26 000
Correction of Error	-	-
Grants received	91 396 000	120 826 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	(27 213 000)	(25 184 000)
Conditions met - Capital	(69 843 964)	(89 981 037)
Conditions still to be met/(Grant expenditure to be recovered)	-	5 660 964
	<hr/>	<hr/>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	-	5 660 964
Unpaid Conditional Government Grants and Receipts	-	-
Total	<hr/>	<hr/>
	5 660 964	5 660 964
24. AVAILABILITY CHARGES		
Water	5 799 566	5 483 124
Total Availability Charges	<hr/>	<hr/>
	5 799 566	5 483 124

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25. SERVICE CHARGES		
Electricity	22 719 013	22 767 884
Water	3 621 412	1 498 454
Waste Management	4 754 353	4 688 459
Waste Water Management	4 366 651	4 411 722
Correction of Error - Note 43.8	-	(7 847)
Total Service Charges	35 461 429	33 358 671
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	69 340	50 212
Building Plan Clause Levy	37 035	-
Camping Fees	155 009	3 807
Cemetery and Burial	10 030	16 505
Clearance Certificates	20 356	13 417
Entrance Fees	22 974	20 307
Photocopies and Faxes	6 299	8 369
Removal of Restrictions	-	59 221
Sale of Goods	4 466	430
Valuation Services	6 602	6 139
Total Sales of Goods and Rendering of Services	332 111	178 407
27. RENTAL FROM FIXED ASSETS		
Investment Property	290 732	311 295
Property, Plant and Equipment	56 349	38 578
Total Rental from Fixed Assets	347 081	349 873
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1 198 138	1 072 322
Total Interest Earned - External Investments	1 198 138	1 072 322
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	2 123 885	1 135 683
Total Interest Earned - Outstanding Receivables	2 123 885	1 135 683
30. OPERATIONAL REVENUE		
Administrative Handling Fees	1 516 612	1 834 998
Breakages and Losses Recovered	123	-
Total Operational Revenue	1 516 735	1 834 998
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	1 516 735	1 834 998
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	1 516 735	1 834 998

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	24 658 026	26 043 540
Pension and UIF Contributions	4 368 266	1 794 055
Medical Aid Contributions	750 161	652 075
Overtime	1 184 584	2 022 037
Bonuses	2 926 039	2 943 736
Motor Vehicle Allowance	1 068 505	993 765
Cell Phone Allowance	146 945	157 850
Housing Allowances	329 008	431 808
Other benefits and allowances	3 500	741 814
Payments in lieu of leave	441 279	110 707
Workmen's Compensation Fund	1 783	2 807
Post-retirement Benefit Obligations	699 868	4 019 044
Medical - Note 15.1	365 253	3 797 324
Current Service Cost	365 253	3 797 324
Long Service Awards - Note 15.2	334 615	221 720
	36 577 964	39 913 238
Less: Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
Total Employee Related Costs	36 577 964	39 913 238
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr JI Swartz</i>		
Basic Salary	620 836	492 345
Performance Bonus	85 867	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	436 203	376 428
Total	1 213 107	938 973
<i>Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker</i>		
Basic Salary	475 549	296 569
Performance Bonus	69 199	-
Motor Vehicle Allowance	72 000	48 000
Cell Phone Allowance	10 200	6 800
Other benefits and allowances	359 780	193 585
Total	986 727	544 955
<i>Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk</i>		
Basic Salary	551 591	492 345
Performance Bonus	118 172	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	370 357	376 428
Total	1 110 321	938 973
<i>Remuneration of Director : Technical Services - Mr S Tsengiwe</i>		
Basic Salary	-	98 796
Motor Vehicle Allowance	-	16 000
Cell Phone Allowance	-	1 700
Payments in lieu of leave	-	5 510
Total	-	122 007

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Remuneration of Acting Chief Financial Officer - Mr JH Langner		
Acting Allowance	-	61 823
Total	-	61 823

32. REMUNERATION OF COUNCILLORS

RN Swartz	820 705	789 651
FJ Sterkse	290 075	280 247
HC Steenkamp	290 075	280 247
G Opperman	251 457	280 247
AJE Claasen	290 075	280 247
H De Wee	290 075	280 247
K Alexander	290 075	280 247
G Gous	290 075	280 247
JE Steenkamp	290 075	280 247
Total Councillors' Remuneration	3 102 684	3 031 625

Councillor G Opperman resigned on 31 May 2019

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	776 305	-	44 400	-	820 705
Chief Whip	245 675	-	44 400	-	290 075
Councillors	1 687 084	-	304 821	-	1 991 905
Total Councillors' Remuneration	2 709 063	-	393 621	-	3 102 684

In-kind Benefits

The Mayor is a full-time councillor. He is provided with an office and secretarial support at the cost of the Municipality.

33. CONTRACTED SERVICES

	2019 R	2018 R
Outsourced Services	2 347 547	670 543
Business and Advisory	515 579	-
Personnel and Labour	1 831 968	662 681
Refuse Removal	-	7 862
Consultants and Professional Services	2 796 165	1 547 565
Business and Advisory	1 728 424	922 882
Business and Financial Management	1 716 521	894 394
Medical Examinations	11 903	28 488
Laboratory Services	873 063	487 081
Water	873 063	487 081
Legal Cost	194 678	137 601
Legal Advice and Litigation	175 992	130 000
Collection	18 686	7 601
Contractors	7 335 942	9 363 889
Catering Services	87 079	69 813
Electrical	572 258	494 501
First Aid	-	2 251
Maintenance of Buildings and Facilities	347 259	612 257
Maintenance of Equipment	1 537 950	637 269
Maintenance of Unspecified Assets	4 791 207	7 543 308
Pest Control and Fumigation	189	4 489
Total Contracted Services	12 479 654	11 581 996

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	12 902 905	8 997 064
Correction of Error - Note 43.9	-	1 036 426
Total Depreciation and Amortisation	12 902 905	10 033 491
35. FINANCE COSTS		
Long-term Borrowings	76 154	82 154
Non-current Provisions	1 695 698	1 580 796
Non-current Employee Benefits	1 434 437	1 123 725
Payables	1 270 798	-
Total Finance Costs	4 477 087	2 786 675
36. BULK PURCHASES		
Electricity	20 137 544	20 464 378
Total Bulk Purchases	20 137 544	20 464 378
36. TRANSFERS AND SUBSIDIES		
Operational		
Allocations In-kind	150 929	4 381
Households	57 088	-
Non-profit Institutions	93 841	4 381
Total Transfers and Subsidies	150 929	4 381
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	108 299	95 514
Audit Fees	2 257 374	1 660 369
Bank Charges, Facility and Card Fees	489 091	450 894
Commission	645 061	750 000
Courier and Delivery Services	47 093	38 088
Communication	377 963	328 737
Deeds	16 520	17 071
Entertainment	6 761	4 868
External Computer Service	73 432	85 592
Insurance Underwriting	356 029	304 332
Learnerships and Internships	796 380	140 136
Printing, Publications and Books	535 370	631 728
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	218 107	256 535
Signage	52 314	59 212
Skills Development Fund Levy	316 382	297 857
Travel and Subsistence	1 860 529	1 507 228
Uniform and Protective Clothing	169 334	136 061
Correction of Error - Note 43.9	-	9 470
Total Operational Costs	8 826 037	7 273 694
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	1 712 775	3 131 389
Receivables from Non-exchange Revenue - Note 11	2 552 423	(514 686)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	4 265 198	2 616 702
39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Biological Assets	(54 000)	-
Property, Plant and Equipment	(89 703)	1 787 865
Total Gains/ (Loss) on Sale of Fixed Assets	(143 703)	1 787 865

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
40. PROFIT/ (LOSS) ON FAIR VALUE ADJUSTMENTS		
Investment Property carried at fair value	8 431 300	-
Total Profit/ (Loss) on Fair Value Adjustments	8 431 300	-

41. WATER LOSSES

Apparent Losses	-	11 465
Real Losses	96 463	52 947
Total Water Losses	96 463	64 412

42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Revaluation Reserve	2 628 176	-	2 628 176
Accumulated Surplus/(Deficit)	223 201 453	-	223 201 453
Long-term Borrowings	164 440	-	164 440
Non-current Provisions	30 322 537	-	30 322 537
Non-current Employee Benefits	16 525 176	-	16 525 176
Consumer Deposits	911 979	-	911 979
Current Employee Benefits	4 228 284	-	4 228 284
Trade and Other Payables from Exchange Transactions	53 735 153	-	53 735 153
Unspent Transfers and Subsidies	5 660 964	-	5 660 964
Current Portion of Long-term Borrowings	186 333	-	186 333
Property, Plant and Equipment	279 537 818	-	279 537 818
Agricultural	67 500	-	67 500
Investment Property	36 670 418	-	36 670 418
Intangible Assets	725 218	-	725 218
Heritage Assets	1 335 555	-	1 335 555
Non-Current Receivables from Exchange Transactions	102 990	-	102 990
Non-Current Receivables from Non-Exchange Transactions	21 227	-	21 227
Inventory	72 112	-	72 112
Receivables from exchange transactions	3 397 534	-	3 397 534
Receivables from non-exchange transactions	1 784 660	-	1 784 660
Taxes	6 347 260	-	6 347 260
Current Portion of Long-term Receivables	101 402	-	101 402
Cash and Cash Equivalents	7 400 803	-	7 400 803
		-	-
		-	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Statement of Financial Performance	Balance previously reported	Adjustments	Restated Balance
Property Rates	8 387 927	-	8 387 927
Government Grants and Subsidies	115 165 037	-	115 165 037
Actuarial Gains	1 066 259	-	1 066 259
Availability Charges	-	5 483 124	5 483 124
Fines, Penalties and Forfeits	49 950	-	49 950
Service Charges	38 849 642	(5 483 124)	33 366 518
Sales of Goods and Rendering of Services	178 407	-	178 407
Rental from Fixed Assets	349 873	-	349 873
Interest Earned - External Investments	1 072 322	-	1 072 322
Interest Earned - Exchange Transactions	1 135 683	-	1 135 683
Licences and Permits	657	-	657
Agency Services	925 592	-	925 592
Operational Revenue	1 834 998	-	1 834 998
Employee related costs	(39 913 238)	-	(39 913 238)
Remuneration of Councillors	(3 031 625)	-	(3 031 625)
Bad Debts Written Off	(10 873 970)	-	(10 873 970)
Contracted Services	(11 399 850)	(182 147)	(11 581 996)
Depreciation and Amortisation	(8 997 064)	-	(8 997 064)
Finance Costs	(2 786 675)	-	(2 786 675)
Bulk Purchases	(20 464 378)	-	(20 464 378)
Inventory Consumed	(1 773 259)	182 147	(1 591 112)
Operating Leases	(201 014)	-	(201 014)
Transfers and Subsidies	(4 381)	-	(4 381)
Operational Costs	(7 264 223)	-	(7 264 223)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	318	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	2 616 702	-	2 616 702
Gains/(Loss) on Sale of Fixed Assets	1 787 865	-	1 787 865
Water Losses	(64 412)	-	(64 412)
Net Surplus/(Deficit) for the year	66 647 142	-	66 647 142

2019
R

2018
R

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

43.1 Property, Plant and Equipment

Balance previously reported	-	279 537 818
Cost	-	(97 205 361)
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 2	-	(4 854 166)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	291 165
Infrastructure Assets recognised incorrectly in previous years - Note 2	-	(71 712 344)
Land recognised incorrectly in periods before 1 July 2017 - Note 2	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	(8 875 340)
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(10 081 417)
Accumulated Depreciation	-	64 928 086
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	56
Accumulated Depreciation Infrastructure Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	58 797 209
Accumulated Depreciation Infrastructure Assets recognised incorrectly in 2017/2018 - Note 2	-	(1 475 408)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	4 559 392
Accumulated Depreciation Buildings recognised incorrectly in 2017/2018 - Note 2	-	463 299
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	2 623 183
Accumulated Depreciation Community Assets recognised incorrectly in 2017/2018 - Note 2	-	(24 317)
Restated Balance	-	247 260 543

Reconstructing of Asset Register.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
43.2 Investment Property		
Balance previously reported		36 670 418
Reversal of prior year corrections - period before 1 July 2017 - Note 4	-	(10 282 218)
Investment Property not recognised in periods before 1 July 2017 - Note 4	-	9 579 300
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 4	-	(1 237 800)
Restated Balance	<u><u>-</u></u>	<u><u>34 729 700</u></u>
Reconstructing of Asset Register.		
43.3 Intangible Assets		
Balance previously reported		725 218
Cost	-	(725 218)
Intangible Assets recognised incorrectly in periods before 1 July 2017 - Note 5	<u><u>-</u></u>	<u><u>(725 218)</u></u>
Restated Balance	<u><u>-</u></u>	<u><u>-</u></u>
Intangible Assets recognised incorrectly in prior years.		
43.4 Heritage Assets		
Balance previously reported		1 335 555
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 6	-	282 500
Restated Balance	<u><u>-</u></u>	<u><u>1 618 055</u></u>
Recognise museum not previously recorded.		
43.5 Receivables from Exchange Transactions		
Balance previously reported		3 397 534
Correction of Consumer Accounts - Note 10	-	(7 847)
Restated Balance	<u><u>-</u></u>	<u><u>3 389 686</u></u>
Correction of Consumer Accounts.		
43.6 Cash and Cash Equivalents		
Balance previously reported		7 400 803
Correction of Unreconciled Items in periods before 1 July 2017 - Note 12	-	(79 721)
Restated Balance	<u><u>-</u></u>	<u><u>7 321 082</u></u>
Correction of Unreconciled Items.		
43.7 Trade and Other Payables from Exchange Transactions		
Balance previously reported		53 735 153
Correction of Trade Payables in 2017/2018 - Note 18	-	9 470
Correction of Other Payables in periods before 1 July 2017 - Note 18	-	(10 191 530)
Restated Balance	<u><u>-</u></u>	<u><u>43 553 094</u></u>
Correction of Trade and Other Payables.		

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
43.8 Accumulated Surplus/(Deficit) - 1 July 2017		
Correction of Unreconciled Items in periods before 1 July 2017 - Note 43.6	-	(79 721)
Correction of Other Payables in periods before 1 July 2017 - Note 43.7	-	10 191 530
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 43.4	-	282 500
Intangible Assets recognised incorrectly in periods before 1 July 2017 - Note 43.3	-	(725 218)
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 43.1	-	(4 854 166)
Reversal of prior year corrections - period before 1 July 2017 - Note 43.2	-	(10 282 218)
Investment Property not recognised in periods before 1 July 2017 - Note 43.2	-	9 579 300
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 43.2	-	(1 237 800)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	291 165
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	56
Infrastructure Assets recognised incorrectly in previous years - Note 43.1	-	(71 712 344)
Accumulated Depreciation Infrastructure Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	58 797 209
Land recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(8 875 340)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	4 559 392
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(10 081 417)
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	2 623 183
Total	-	(23 512 476)

43.9 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		8 387 927	-	8 387 927
Government Grants and Subsidies		115 165 037	-	115 165 037
Actuarial Gains		1 066 259	-	1 066 259
Availability Charges		5 483 124	-	5 483 124
Fines, Penalties and Forfeits		49 950	-	49 950
Service Charges	43,5	33 366 518	(7 847)	33 358 671
Sales of Goods and Rendering of Services		178 407	-	178 407
Rental from Fixed Assets		349 873	-	349 873
Interest Earned - External Investments		1 072 322	-	1 072 322
Interest Earned - Exchange Transactions		1 135 683	-	1 135 683
Licences and Permits from Exchange Transactions		657	-	657
Agency Services		925 592	-	925 592
Operational Revenue		1 834 998	-	1 834 998
Total		169 016 347	(7 847)	169 008 499
Expenditure				
Employee related costs		(39 913 239)	-	(39 913 239)
Remuneration of Councillors		(3 031 625)	-	(3 031 625)
Bad Debts Written Off		(10 873 970)	-	(10 873 970)
Contracted Services		(11 581 996)	-	(11 581 996)
Depreciation and Amortisation	43,1	(8 997 064)	(1 036 426)	(10 033 491)
Finance Costs		(2 786 675)	-	(2 786 675)
Bulk Purchases		(20 464 378)	-	(20 464 378)
Inventory Consumed		(1 591 112)	-	(1 591 112)
Operating Leases		(201 014)	-	(201 014)
Transfers and Subsidies		(4 381)	-	(4 381)
Operational Costs	43,7	(7 264 223)	(9 470)	(7 273 694)
Total		(106 709 678)	(1 045 897)	(107 755 574)

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Balance previously reported	Adjustments	Restated Balance
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	318	-		318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	2 616 702	-		2 616 702
Gains/(Loss) on Sale of Fixed Assets	1 787 865			1 787 865
Water Losses	(64 412)	-		(64 412)
Total	4 340 473	-		4 340 473
Net Surplus/(Deficit) for the year	66 647 142	(1 053 744)		65 593 398
				2019 R
				2018 R
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
Surplus/(Deficit) for the year		52 550 396		65 593 398
Adjustments (Cash and Non-Cash) for:				
Depreciation and Amortisation	12 902 905			9 842 987
Loss/(Gain) on Sale of Fixed Assets	143 703			616 309
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	10 879			-
Profit/(Loss) on Fair Value Adjustments	(8 431 300)			-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-			(318)
Government Grants and Subsidies received	91 396 000			120 800 000
Government Grants and Subsidies recognised as revenue	(97 056 964)			(115 165 037)
Contribution to provisions – Non-Current Provisions	1 695 698			1 580 796
Contribution from/to provisions - Non-Current Employee Benefits	1 045 803			4 512 066
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(1 084 048)			(1 066 259)
Contribution from/to - Current Employee Benefits	433 570			124 230
Contribution to provisions – Bad Debt	4 265 198			(3 086 411)
Bad Debts written off	4 889 493			10 873 970
Operating Surplus/(Deficit) before changes in working capital	62 761 333			94 625 732
Changes in working capital	(18 590 305)			6 465 897
Increase/(Decrease) in Trade and Other Payables	(5 220 717)			14 729 946
Increase/(Decrease) in Taxes	(1 775 157)			(4 765 476)
(Increase)/Decrease in Inventory	(103 502)			(17 042)
(Increase)/Decrease in Receivables from Exchange Transactions	(7 813 614)			(4 941 872)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(3 677 314)			1 460 342
Cash generated/(absorbed) by operations	44 171 029			101 091 629
45. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Current Accounts - Note 12	(4 939 003)			673 137
Call Deposits and Investments - Note 12	2 334 702			6 646 445
Cash Floats - Note 12	1 500			1 500
Total cash and cash equivalents	(2 602 801)			7 321 082
46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 45		(2 602 801)		7 321 082
Less:		-		(5 660 964)
Unspent Transfers and Subsidies - Note 19		-		(5 660 964)
Net cash resources available for internal distribution		(2 602 801)		1 660 118
Allocated to:				
Capital Replacement Reserve		-		-
Employee Benefits Reserve		-		-
Social Contribution Reserve		-		-
Non-Current Provisions Reserve		-		-
Valuation Reserve		-		-
Resources available for working capital requirements	(2 602 801)			1 660 118

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 13	164 440	350 773
Used to finance property, plant and equipment - at cost	(164 440)	(350 773)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

48. BUDGET INFORMATION

48.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

Enticipated to have roll over funds but all Grant expenditure was spend by year end

Consumer Debtors

Provision for Debt Impairment increased due to non payment of debtors.

Other Debtors

Possible VAT owed by SARS to the Municipality.

Current Portion of long-term receivables

Part of Consumer debtors budget.

Inventory

Water inventory increased due to new Plant in Loeriesfontein

48.2.2 Non-Current Assets

Long-term Receivables

Part of Consumer debtors budget.

Investments

Document reasons

Investment Property

Reconstructuring of Asset Register.

Property, Plant and Equipment

Reconstructuring of Asset Register.

Agricultural Assets

Reconstructuring of Asset Register.

Intangible Assets

New servitude to be registered for the Loeriesfontein Bulk Water Supply project

48.2.3 Current Liabilities

Borrowing

The payment of installment were budgeted under income/Expenditure

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Consumer Deposits

Hall Deposits included as Deposits due to mSCOA conversion

Trade and Other Payables

Inclusion of Department of Transport, Safety and Liaison

Provisions

Increase and salaries as well

48.2.4 Non-Current Liabilities

Borrowing

Lease liability will be settled within 12 twelve months therefore transferred to current liability

Provisions

Increase in rehabilitation costs for landfill sites

48.2.5 Net Assets

Accumulated Surplus/(Deficit)

Document reasons

Reserves

Restructuring of Asset register

Statement of Financial Performance

48.2.6 Revenue

Service Charges - Water Revenue

Decrease due to current economic climate and drought.

Service Charges - Sanitation Revenue

Decrease due to current economic climate and drought.

Service Charges - Refuse Revenue

Decrease due to current economic climate and drought.

Rental of Facilities and Equipment

Comonage not rented out as inticipated.

Interest Earned - External Investments

Grant funding (RBIG and MIG) invested during course of project.

Interest Earned - Outstanding Debtors

Increase of non payment of Debtors

Fines

Increase in fine income received.

Licences and Permits

Decrease in licences issued.

Agency Services

Function transferred to Post Office by the Department of Transport, Safety and Liasion

48.2.7 Expenditure

Employee Related Costs

Salary increases for the year

Debt Impairment

Over budget of debt impairment because of prior year results

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Depreciation and Asset Impairment

Reconstructuring of Asset Register.

Finance Charges

Document reasons

Bulk Purchases

Over budget due to prior year results

Other Materials

Less inventory purchased during year

Contracted Services

Repairs on fleet for the current financial year

Transfers and Grants

Bursaries for students registrations

Other Expenditure

Expenditure increased during the year

Loss on Disposal of PPE

Restructuring of Asset Register

Cash Flow Statement

48.2.8 Net Cash from Operating Activities

Taxation

Economic conditions made that debtors cannot pay their accounts

Service Charges

Economic conditions made that debtors cannot pay their accounts

Interest

More grant income received during the year

Finance costs

Land fill site interest and epost employment benefit interest

48.2.9 Net Cash from Investing Activities

Decrease/(Increase) in Non-Current Debtors

Payment arrangements were honoured during the year.

Capital Assets

Restructuring of Asset register - Additions

48.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

New Connections for the year

Repayment of Borrowing

Payment of finance leases for the year

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	16 152 123	24 270 989
Correction of prior period error	-	4 854 166
Restated opening balance	16 152 123	29 125 155
Unauthorised expenditure current year - operational	11 048 997	13 217 466
Unauthorised expenditure current year - capital	381 379	2 934 657
Approved by Council	(16 152 123)	(29 125 154)
Current	-	-
Prior Period	(16 152 123)	(29 125 154)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	11 430 376	16 152 123

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Over expenditure of 2018 approved budget - Operating	None	- 13 217 466
Over expenditure of 2018 approved budget - Capital	None	- 2 934 657
Over expenditure of 2019 approved budget - Operating	None	11 048 997 -
Over expenditure of 2019 approved budget - Capital	None	381 379 -
		11 430 376 16 152 123

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	11 048 997	13 217 466
Cash	-	-
	11 048 997	13 217 466

Analysed as follows: Non-cash

Employee related cost (Actuarial Valuations)	-	1 253 360
Depreciation and Amortisation	11 048 997	8 936 840
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
Loss on disposal of Property, Plant and Equipment	-	-
Impairment Losses	-	3 027 266
Other (list)	-	-
	11 048 997	13 217 466

Analysed as follows: Cash

Bulk Purchases	-	-
Contracted Services	-	-
Employee related cost	-	-
Operational Costs	-	-
Other (list)	-	-
	-	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The overspending of the Budget per municipal vote can be summarised as follows:

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Executive and Council	13 400 201	14 184 320	(784 119)	-
Vote 2 - Budget and Treasury Office	13 518 484	12 439 881	1 078 603	1 078 603
Vote 3 - Corporate Services	8 136 380	9 048 459	(912 079)	-
Vote 4 - Community and Social Services	2 555 392	2 837 084	(281 692)	-
Vote 5 - Sport and Recreation	1 388 943	1 015 163	373 780	373 780
Vote 6 - Public Safety	497 130	113 621	383 509	383 509
Vote 7 - Planning and Development	454 720	476 954	(22 234)	-
Vote 8 - Road Transport	8 868 538	7 549 645	1 318 893	1 318 893
Vote 9 - Electricity	23 659 730	37 193 589	(13 533 859)	-
Vote 10 - Water	18 907 667	12 326 067	6 581 600	6 581 600
Vote 11 - Waste Water Management	3 817 078	5 112 155	(1 295 077)	-
Vote 12 - Solid Waste	13 333 197	13 585 321	(252 124)	-
Vote 13 - Other	1 422 127	109 516	1 312 611	1 312 611
	109 959 588	115 991 775	(6 032 187)	11 048 997

Unauthorised expenditure current year - capital

Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Budget and Treasury Office	75 156	130 000	(54 844)	-
Vote 3 - Corporate Services	249 107	235 000	14 107	14 107
Vote 5 - Sport and Recreation	31 522	65 000	(33 478)	-
Vote 8 - Road Transport	4 940 551	5 921 634	(981 083)	-
Vote 9 - Electricity	369 798	25 000	344 798	344 798
Vote 10 - Water	38 785 507	51 772 000	(12 986 493)	-
Vote 11 - Waste Water Management	1 856 840	1 834 366	22 474	22 474
Vote 12 - Solid Waste	1 366 430	1 497 000	(130 571)	-
	47 674 911	61 480 000	(13 805 089)	381 379

**2019
R**

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	862 560	862 560
Correction of prior period error	-	-
Restated opening balance	862 560	862 560
Fruitless and wasteful expenditure current year	1 062 137	-
Written off by Council	(489)	-
Current	(489)	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	1 924 209	862 560

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019	2018
An amount of R775 000 paid to the previous municipal manager as a result of a settlement agreement.	<i>None</i>	775 000	775 000
An overpayment made to S.Domburg on retirement.	<i>None</i>	7 005	7 005
An overpayment made to K.Fourie on retirement.	<i>None</i>	23 555	23 555
An amount of R57 000 paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	<i>Currently under investigation by SAPS. MAS 52/06/2019</i>	57 000	57 000
Penalties and Interest charge on VAT Return Submission	<i>None</i>	42 505	-
Interest charged from ASLA Construction	<i>None</i>	1 019 144	-
		1 924 209	862 560

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	9 462 557	37 512 484
Correction of prior period error	-	-
Restated opening balance	9 462 557	37 512 484
Irregular expenditure current year	68 885 392	81 874 475
Expenditure authorised i.t.o. Section 32 of MFMA	-	(109 924 402)
Current	-	(675 044)
Prior Period	-	(109 249 358)
Written off by council	(24 073 043)	-
Current	(24 073 043)	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	54 274 906	9 462 557

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019	2018
<i>Non compliance with SCM Regulations</i>	<i>None</i>	47 587 557	2 997 646
<i>Competitive bidding process not followed.</i>	<i>None</i>	6 687 349	6 464 911
		54 274 906	9 462 557

Recoverability of all irregular expenditure was evaluated by Council in terms of section 32 of MFMA. Council has declared all expenditure as irrecoverable.

50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	1 978 000	1 978 000
Council subscriptions	500 000	500 000
Amount paid - current year	-	(500 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	2 478 000	1 978 000

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
50.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	2 154 919	2 767 760
Correction of prior period error	-	-
Restated opening balance	2 154 919	2 767 760
Current year audit fee	2 807 504	1 216 559
External Audit - Auditor-General	2 807 504	1 216 559
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(1 356 253)	(1 200 000)
Amount paid - previous year	(1 570 830)	(629 400)
Balance unpaid (included in creditors)	2 035 340	2 154 919
50.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	3 219 738	2 279 251
Correction of prior period error	-	-
Restated opening balance	3 219 738	2 279 251
Amounts received - previous year	(2 368 926)	(1 032 719)
Amounts received - current year	(4 184 201)	(8 787 918)
Amount paid - current year	916 574	928 637
Amount paid - previous year	-	-
Amounts claimed - current year	6 082 336	10 454 727
Corrections	-	(622 239)
Closing balance	3 665 521	3 219 738
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
50.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	4 720 311	4 415 423
Amount paid - current year	(4 720 311)	(4 415 423)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	8 654 116	7 941 664
Amount paid - current year	(8 654 116)	(7 941 664)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
K Alexander	3 230	Outstanding more than 90 days

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 June 2019

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	18 168	2	4	-	-
August	40 299	3	1	-	-
September	45 501	8	-	-	-
October	54 225	8	2	-	-
November	66 529	5	-	-	13
December	87 001	10	-	-	8
January	10 613	1	1	-	1
February	123 833	10	2	-	9
March	114 660	1	2	-	15
April	128 184	7	5	-	4
May	27 583	2	-	-	6
June	103 840 565	3	3	5	5
	104 557 162	58	16	5	61

30 June 2018

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	9 750	3	-	1	-
August	38 620	1	-	1	4
September	23 949	3	-	1	1
October	214 063	5	1	4	14
November	94 019	1	-	2	5
December	85 678	2	-	2	6
January	90 806	1	-	1	2
February	253 301	7	-	2	9
March	143 297	3	-	2	5
April	233 596	6	1	-	7
May	81 576	4	-	2	4
June	195 822	13	-	2	9
	1 464 477	49	2	20	66

2019	R
-------------	----------

Reconciliation of SCM Deviations:

Opening balance	454 760	454 760
Deviations from SCM current year	104 557 162	1 414 577
Approved in terms of Regulation 36(1)(a) and (b)	(810 569)	(1 414 577)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	104 201 352	454 760

50.8 Material losses

Electricity distribution losses

Percentage lost during distribution	13,94%	12,46%
Distribution loss (Rand Value)	4 004 439	3 348 314

Electricity losses is due to electricity theft on pre-paid meters.

Water distribution losses

Percentage lost during distribution	15,89%	11,16%
Distribution loss (Rand Value)	3 035 344	781 188

Normal pipe bursts and field leakages are responsible for water losses.

51. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019 R	2018 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2018: 1%) Increase in interest rates	73 450	70 485
1% (2018: 1%) Decrease in interest rates	(73 450)	(70 485)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 7 and 8 for balances included in receivables that were re-negotiated for the period under review.

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100,00%	175 637	100,00%	187 063
<u>Non-exchange Receivables</u>				
Rates	100,00%	12 921 636	100,00%	10 637 188
<u>Exchange Receivables</u>				
Electricity	17,06%	6 309 904	14,87%	5 026 452
Water	34,76%	12 854 798	29,25%	9 888 432
Waste Management	24,44%	9 036 204	22,23%	7 513 681
Waste Water Management	15,05%	5 564 334	14,27%	4 824 114
Other	8,69%	3 214 019	19,39%	6 553 388
	100,00%	36 979 259	100,00%	33 806 069

No receivables are pledged as security for financial liabilities.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Non-Current Receivables				
Repay Arrangements	0,00%	-	0,00%	-
Non-exchange Receivables				
Rates	26,50%	11 672 817	23,07%	9 120 394
Exchange Receivables				
Services	73,50%	32 378 226	76,93%	30 408 535
	100,00%	44 051 044	100,00%	39 528 930
Ageing of amounts past due but not impaired are as follow:			Exchange Receivables	Non- exchange Receivables
2019				
1 month past due			-	240 066
2+ months past due			31 453 685	11 820 498
			31 453 685	12 060 564
2018				
1 month past due			-	213 917
2+ months past due			-	554 199
			-	768 116

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	175 637	187 063
Non-Current Receivables from Non-Exchange Transactions	40 052	38 555
Receivables from exchange transactions	36 979 259	33 798 221
Receivables from non-exchange transactions	14 582 369	10 905 055
Cash and Cash Equivalents	2 452 563	7 399 303
	<u>54 229 879</u>	<u>52 328 197</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years
2019				
Long-term Liabilities	177 615	-	-	-
Trade and Other Payables	38 332 377	-	-	-
	<u>38 509 992</u>	<u>-</u>	<u>-</u>	<u>-</u>
2018				
Long-term Liabilities	236 820	177 615	-	-
Trade and Other Payables	43 553 094	-	-	-
	<u>43 789 914</u>	<u>177 615</u>	<u>-</u>	<u>-</u>
		2019 R	2018 R	

52. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

52.1	<u>Financial Assets</u>	<u>Classification</u>		
Non-Current Receivables				
Receivables with repay arrangements		Financial Instruments at amortised cost	175 637	187 063
Sport Club Loans		Financial Instruments at amortised cost	40 052	38 555
Receivables from Exchange Transactions				
Electricity		Financial Instruments at amortised cost	6 309 904	5 026 452
Water		Financial Instruments at amortised cost	12 854 798	9 888 432
Property Rentals		Financial Instruments at amortised cost	-	-
Waste Management		Financial Instruments at amortised cost	9 036 204	7 513 681
Waste Water Management		Financial Instruments at amortised cost	5 564 334	4 824 114
Other Arrears		Financial Instruments at amortised cost	3 214 019	6 553 388
Cash and Cash Equivalents				
Bank Balances		Financial Instruments at amortised cost	117 860	752 859
Call Deposits		Financial Instruments at amortised cost	2 334 702	6 646 445
Total Financial Assets			<u>39 647 510</u>	<u>41 430 990</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	175 637	187 063
Long-term Receivables	Sport Club Loans	40 052	38 555
Receivables from Exchange Transactions	Electricity	6 309 904	5 026 452
Receivables from Exchange Transactions	Water	12 854 798	9 888 432
Receivables from Exchange Transactions	Waste Management	9 036 204	7 513 681
Receivables from Exchange Transactions	Waste Water Management	5 564 334	4 824 114
Receivables from Exchange Transactions	Other Arrears	3 214 019	6 553 388
Cash and Cash Equivalents	Bank Balances	117 860	752 859
Cash and Cash Equivalents	Call Deposits	2 334 702	6 646 445
		39 647 510	41 430 990
Total Financial Assets		39 647 510	41 430 990

52.2	Financial Liabilities	Classification		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial Instruments at amortised cost	164 440	350 773
	Trade and Other Payables			
	Trade Payables	Financial Instruments at amortised cost	8 571 052	22 287 649
	Advance Payments	Financial Instruments at amortised cost	1 197 910	713 646
	Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	71 164	100
	Other Payables	Financial Instruments at amortised cost	3 689 876	4 687 044
	Retention	Financial Instruments at amortised cost	8 412 483	10 431 582
	Cash and Cash Equivalents			
	Bank Overdraft	Financial Instruments at amortised cost	5 056 864	-
			27 163 789	38 470 794

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	164 440	350 773
Trade and Other Payables	Trade Payables	8 571 052	22 287 649
Trade and Other Payables	Advance Payments	1 197 910	713 646
Trade and Other Payables	Control, Clearing and Interface Accounts	71 164	100
Trade and Other Payables	Other Payables	3 689 876	4 687 044
Trade and Other Payables	Retention	8 412 483	10 431 582
Cash and Cash Equivalents	Bank Overdraft	5 056 864	-
		27 163 789	38 470 794

53. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes			
VAT Receivable		8 447 586	7 960 867
Receivables from Non-Exchange Transactions			
Rates		12 921 636	10 637 188
Total Statutory Receivables (before provision)		21 369 222	18 598 055
Less: Provision for Debt Impairment		(11 672 817)	(9 120 394)
Total Statutory Receivables (after provision)		9 696 405	9 477 661

Statutory Receivables arises from the following legislation:

- Taxes - Value Added Tax Act (No 89 of 1991)
- Rates - Municipal Properties Rates Act (No 6 of 2004)
- Fines - Criminal Procedurs Act

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
Total	12 921 636	10 637 188
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	11 672 817	9 120 394
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	12 060 564	768 116

54. IN-KIND DONATIONS AND ASSISTANCE

The Northern Cape: Provincial Treasury has assisted the municipality with asset management related services during the year. These services does not meet the recognition criteria in terms of GRAP 23, and are therefore only disclosed in the financial statements. The estimate value of the services amount to R1 574 000.

55. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

56. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

57. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

57.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2019						
Councillors						
JE Steenkamp	-	387	319	-	706	
FJ Sterkse	-	-	2 986	-	2 986	
H De Wee	-	283	-	-	283	
G Opperman	-	-	965	-	965	
HC Steenkamp	-	-	1 612	-	1 612	
AJE Claasen	73	416	298	-	788	
K Alexander	-	3 230	618	-	3 849	
RN Swartz	114	434	-	-	548	
	187	4 751	6 799	-	11 737	-
Municipal Manager and Section 57 Employees						
Jl Swartz	-	-	-	-	-	
JR van Wyk	522	344	-	-	866	
	522	344	-	-	866	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Year ended 30 June 2018	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Councillors						
JE Steenkamp	-	502	-	-	502	-
G Opperman	37	698	18	-	753	-
HC Steenkamp	-	-	6 860	-	6 860	-
AJE Claasen	-	3 734	2 038	-	5 771	-
K Alexander	-	-	308	-	308	-
RN Swartz	108	425	-	-	533	-
	146	5 358	9 224	-	14 728	-
Municipal Manager and Section 57 Employees						
JL Swartz	-	283	-	-	283	-
S Tsengiwe	-	-	62	-	62	-
JR van Wyk	496	334	-	-	830	-
	496	617	62	-	1 175	-

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

57.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

57.3 Remuneration of Councillors

The annual salary increase for remuneration of councillors, as published in the Government Gazette, was 4%. The MEC for COGTHA concurred a salary increase of 2%. The increase of 4% were paid to councillors. Council took a decision to engage with COGTHA on this matter.

				2019 R	2018 R
57.4 Other related party transactions					

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	
Lewis September Trading	C Barnes September	Technician: Water Service	Husband	50 350
				50 350
				135 850

58. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Hantam communities resulted in a serious risk for Hantam Municipality's going concern.

Unless sustainable job creation is achieved, Hantam Municipality will not be able to function as a going concern without Government Grants and Subsidies.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R14 540 043 (2018: R19 909 320).

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

59. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

60. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	30 277 046	73 882 364
Roads	5 608 752	297 321
Electricity	348 455	-
Water Supply	24 319 839	73 585 043
Community Assets	-	5 973 929
Total Property, Plant and Equipment under construction	30 277 046	79 856 293

The movements for the year can be reconciled as follows:

Balance at beginning of year	79 856 293	35 487 516
Correction of Error - Note 43.1	-	(4 854 166)
Restated Balance	79 856 293	30 633 350
Expenditure during the year	53 280 933	84 252 668
Assets unbundled during the year	(101 309 162)	(35 029 725)
Transfer to Other Assets	(148 680)	-
Transfer to Operational Expenditure	(827 144)	-
Transfer to Intangible Assets	(575 194)	-
Total Property, Plant and Equipment under construction	30 277 046	79 856 293

2.4 There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.

2.5 There are no Property, Plant and Equipment where construction or development has been halted.

2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:

Employee related costs	-	-
Other materials	55 207	136 754
Contracted Services	2 295 668	9 865 613
Other Expenditure	7 769 763	59 212
Total Repairs and Maintenance	10 120 639	10 061 579

2.7 Assets pledged as security:

Leased Property, Plant and Equipment of R174 807 (2018: R299 240) is secured for leases as set out in Note 13.

2.8 Details of Valuation

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, *HCB Property Valuations, HC Botha and P le Roux*. The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Reconciliation of Revaluation Surplus:		
Opening balance	2 628 176	2 628 176
Movement for the period	2 326 313	-
Closing balance	<u>4 954 489</u>	<u>2 628 176</u>

2.9 Contractual commitments for acquisition of Property, Plant and Equipment:

Approved and contracted for:	122 558 211	26 163 307
Infrastructure	122 558 211	26 160 517
Community	-	2 790
Other	-	-
Total	<u>122 558 211</u>	<u>26 163 307</u>
This expenditure will be financed from:		
Government Grants	122 558 211	26 163 307
Total	<u>122 558 211</u>	<u>26 163 307</u>

3. AGRICULTURAL

3.1 Biological Assets that form part on an agricultural activity:

Consumable Biological Asset	Quantity (Units)	Fair Value	2019 R	2018 R
Springbuck	30	450	13 500	67 500
Total Consumable Biological Assets		450	13 500	67 500
Total Biological Assets		450	13 500	67 500

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

Balance beginning of year	67 500	67 500
Additions	-	-
Disposals	(54 000)	-
Transfers	-	-
Other changes	-	-
Balance end of year	13 500	67 500

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities revolving around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
4.	INVESTMENT PROPERTY		
4.1	Net Carrying amount at 1 July	34 729 700	34 729 700
	Valuation	34 729 700	36 670 418
	Correction of Error - Note 43.2	-	(1 940 718)
	Additions	-	-
	Gains/(Losses) arising from changes in fair value	8 431 300	-
	Other changes	-	-
	Net Carrying amount at 30 June	43 161 000	34 729 700
	Valuation	43 161 000	34 729 700
4.2	Revenue from Investment Property		

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

HCB Property Valuation concluded the new General Valuation Roll for Hantam Municipality during the 2018/19 financial year. The new valuation roll was implemented on 1 July 2019. The valuation roll was used to calculate the fair value of Investment Properties on 30 June 2019.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
5. INTANGIBLE ASSETS		
5.1 Net Carrying amount at 1 July	-	-
Cost	-	725 218
Correction of Error - Note 43.3	-	(725 218)
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-
Additions	575 194	-
Net Carrying amount at 30 June	575 194	-
Cost	575 194	-
Accumulated Amortisation	-	-
Accumulated Impairment Loss	-	-

Intangible Assets which is in the process of being constructed or developed.

Servitudes	575 194	-
Total	575 194	-

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

6. HERITAGE ASSETS

	1 618 055	1 618 055
6.1 Net Carrying amount at 1 July	1 618 055	1 618 055
Cost	1 618 055	1 335 555
Correction of Error - Note 43.4	-	282 500
Additions	-	-
Disposals	-	-
Other changes	-	-
Net Carrying amount at 30 June	1 618 055	1 618 055
Cost	1 618 055	1 618 055
Calvinia Museum	1 300 000	1 300 000
Loeriesfontein Museum Erven 355	282 500	-
Kerkstraat Erven 301 & 302	10 000	10 000
Akkerendam Nature Reserve	25 556	25 556
	1 618 056	1 335 556

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

There are no Heritage Assets where construction or development has been halted.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

There was no expenditure incurred for repairs and maintenance of Heritage Assets.

	2019 R	2018 R
7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	175 637	187 063
Electricity	3 612	12 318
Water	57 765	47 895
Waste Management	33 729	37 885
Waste Water Management	25 943	42 609
Other Service Charges	54 588	46 356
<u>Less:</u> Current portion transferred to Receivables from Exchange Transactions	(78 749)	(84 074)
Total Non-Current Receivables from Exchange Transactions	96 888	102 990
8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	40 052	38 555
Rates	40 052	38 555
<u>Less:</u> Current portion transferred to Receivables from Non-Exchange Transactions	(17 473)	(17 328)
Total Non-Current Receivables from Non-Exchange Transactions	22 578	21 227
9. INVENTORY		
Water	175 614	72 112
Total Inventory	175 614	72 112
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
9.1 Inventories recognise as an expense during the year:		
Materials and Supplies	1 667 191	1 735 375
Water	-	37 884
Total	1 667 191	1 773 259
10. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	6 309 904	5 026 452
Water	12 854 798	9 888 432
Waste Management	9 036 204	7 513 681
Waste Water Management	5 564 334	4 824 114
Other Arrears	3 214 019	6 553 388
Correction of Error - Note 43.5	-	(7 847)
Total: Receivables from exchange transactions (before provision)	36 979 259	33 798 221
<u>Less:</u> Provision for Debt Impairment	(32 378 226)	(30 408 535)
Total: Receivables from exchange transactions (after provision)	4 601 033	3 389 686

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Debtors with a total outstanding balance of R175 637 (2018 - R187 063) have arranged to settle their account over an re-negotiated period. Total payments to the value of R96 888 (2018 - R102 990) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

	2019 R	2018 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	2 433 212	2 093 192
31 - 60 Days	219 222	191 005
61 - 90 Days	126 765	163 489
+ 90 Days	3 530 705	2 578 767
Total	6 309 904	5 026 452
<u>(Water): Ageing</u>		
Current (0 - 30 days)	1 647 890	1 014 851
31 - 60 Days	364 034	303 919
61 - 90 Days	408 442	340 919
+ 90 Days	10 434 432	8 228 743
Total	12 854 798	9 888 432
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	686 554	564 062
31 - 60 Days	225 474	195 703
61 - 90 Days	216 777	179 351
+ 90 Days	7 907 399	6 574 565
Total	9 036 204	7 513 681
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	604 911	529 756
31 - 60 Days	184 891	163 529
61 - 90 Days	163 803	159 318
+ 90 Days	4 610 729	3 971 511
Total	5 564 334	4 824 114
<u>(Other): Ageing</u>		
Current (0 - 30 days)	153 007	148 607
31 - 60 Days	78 506	65 358
61 - 90 Days	86 974	62 993
+ 90 Days	2 895 532	6 276 430
Total	3 214 019	6 553 388
<u>(Total): Ageing</u>		
Current (0 - 30 days)	5 525 574	4 350 468
31 - 60 Days	1 072 127	919 514
61 - 90 Days	1 002 761	906 070
+ 90 Days	29 378 797	27 630 017
Total	36 979 259	33 806 069
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	30 408 535	34 009 632
Contribution to provision	1 712 775	-
VAT on provision	256 916	(469 708)
Reversal of provision	-	(3 131 389)
Balance at end of year	32 378 226	30 408 535

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
The total amount of this provision is R32 378 226 and consist of:		
Services	32 378 226	30 408 535
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	32 378 226	30 408 535

Ageing of amounts past due but not impaired:

1 month past due	-	-
2+ months past due	31 453 685	-
	31 453 685	-

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	12 921 636	10 637 188
Insurance Claims	-	12 957
Other Receivables	1 660 733	254 909
Less: Provision for Debt Impairment	(11 672 817)	(9 120 394)
Total Receivables from non-exchange transactions	2 909 551	1 784 660

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Debtors with a total outstanding balance of R40 052 (2018 - R38 555) have arranged to settle their account over an re-negotiated period. Total payments to the value of R17 473 (2018 - R17 328) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

(Rates): Ageing

Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
Total	12 921 636	10 637 188

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2019			
Current (0 - 30 days)	703 174	128 922	28 976
31 - 60 Days	219 955	16 354	3 757
61 - 90 Days	229 125	15 660	2 044
+ 90 Days	10 063 735	630 914	879 021
Sub-total	11 215 989	791 850	913 797
Less: Provision for Debt Impairment	(10 132 014)	(715 321)	(825 483)
Total debtors by customer classification	1 083 975	76 528	88 315

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018			
Current (0 - 30 days)	2 742 920	935 865	528 138
31 - 60 Days	902 125	72 850	158 456
61 - 90 Days	891 183	51 056	158 224
+ 90 Days	34 873 594	1 574 565	1 554 281
Sub-total	39 409 822	2 634 336	2 399 099
Less: Provision for Debt Impairment	<u>(37 012 212)</u>	<u>(1 317 168)</u>	<u>(1 199 550)</u>
Total debtors by customer classification	2 397 610	1 317 168	1 199 550

	2019	2018
	R	R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	11 672 817	9 120 394

The total amount of this provision is R11 672 817 and consist of:

Taxes	11 672 817	9 120 394
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	11 672 817	9 120 394

Ageing of amounts past due but not impaired:

1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	12 060 564	768 116

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

12. BANK ACCOUNTS

12.1 Cash and Cash Equivalents

Current Accounts	117 860	752 859
Call Deposits and Investments	2 334 702	6 646 445
Cash On-hand	1 500	1 500
Correction of Error - Note 43.6	-	(79 721)
Total Cash and Cash Equivalents - Assets	2 454 063	7 321 082

12.3 Liabilities

Current Accounts	(5 056 864)	-
Total Cash and Cash Equivalents - Liabilities	(5 056 864)	-

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	(5 056 864)	664 002
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	30 435	88 857
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	87 425	-
	(4 939 003)	752 859

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Call Deposits and Investments</u>		
Call Deposit CRR - Standard Bank Account No. 088673669021:	207 151	140 544
Financial Management Grant - Standard Bank Account No. 088673669024:	4 169	7 831
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	3 647	3 565
Hantam DBSA - Standard Bank Account No. 088673669025:	25 673	5 685 807
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	2 081 118	761 993
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	5 762	39 931
Hantam EPWP - Standard Bank Account No. 088673669027:	1 140	1 115
Hantam INEP - Standard Bank Account No. 088673669028:	6 042	5 659
	2 334 702	6 646 445

Details of current accounts are as follow:

<i>Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):</i>		
Cash book balance at beginning of year	664 002	629 177
Cash book balance at end of year	<u>(5 056 864)</u>	<u>664 002</u>
Bank statement balance at beginning of year	655 435	504 110
Bank statement balance at end of year	<u>317 071</u>	<u>655 435</u>
<i>ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):</i>		
Cash book balance at beginning of year	88 857	86 004
Cash book balance at end of year	<u>30 435</u>	<u>88 857</u>
Bank statement balance at beginning of year	67 048	75 240
Bank statement balance at end of year	<u>77 468</u>	<u>67 048</u>
<i>Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>87 425</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>87 425</u>	<u>-</u>

Details of call investment accounts are as follow:

<i>Call Deposit CRR - Standard Bank Account No. 088673669021:</i>		
Cash book balance at beginning of year	140 544	13 507
Cash book balance at end of year	<u>207 151</u>	<u>140 544</u>
Bank statement balance at beginning of year	140 544	13 507
Bank statement balance at end of year	<u>207 151</u>	<u>140 544</u>
<i>Financial Management Grant - Standard Bank Account No. 088673669024:</i>		
Cash book balance at beginning of year	7 831	27 613
Cash book balance at end of year	<u>4 169</u>	<u>7 831</u>
Bank statement balance at beginning of year	7 831	27 613
Bank statement balance at end of year	<u>4 169</u>	<u>7 831</u>
<i>Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:</i>		
Cash book balance at beginning of year	3 565	3 466
Cash book balance at end of year	<u>3 647</u>	<u>3 565</u>
Bank statement balance at beginning of year	3 565	3 466
Bank statement balance at end of year	<u>3 647</u>	<u>3 565</u>
<i>Hantam DBSA - Standard Bank Account No. 088673669025:</i>		
Cash book balance at beginning of year	5 685 807	1 519
Cash book balance at end of year	<u>25 673</u>	<u>5 685 807</u>
Bank statement balance at beginning of year	5 685 807	1 519
Bank statement balance at end of year	<u>25 673</u>	<u>5 685 807</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:

Cash book balance at beginning of year	761 993	19 295
Cash book balance at end of year	<u>2 081 118</u>	<u>761 993</u>

Bank statement balance at beginning of year	761 993	19 295
Bank statement balance at end of year	<u>2 081 118</u>	<u>761 993</u>

2019	2018
R	R

Hantam Surplus Cash - Standard Bank Account No. 088673669026:

Cash book balance at beginning of year	39 931	1 573
Cash book balance at end of year	<u>5 762</u>	<u>39 931</u>

Bank statement balance at beginning of year	39 931	1 573
Bank statement balance at end of year	<u>5 762</u>	<u>39 931</u>

Hantam EPWP - Standard Bank Account No. 088673669027:

Cash book balance at beginning of year	1 115	1 084
Cash book balance at end of year	<u>1 140</u>	<u>1 115</u>

Bank statement balance at beginning of year	1 115	1 084
Bank statement balance at end of year	<u>1 140</u>	<u>1 115</u>

Hantam INEP - Standard Bank Account No. 088673669028:

Cash book balance at beginning of year	5 659	1 113
Cash book balance at end of year	<u>6 042</u>	<u>5 659</u>

Bank statement balance at beginning of year	5 659	1 113
Bank statement balance at end of year	<u>6 042</u>	<u>5 659</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

13. LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost	164 440	350 773
<u>Less:</u> Current Portion transferred to Current Liabilities	164 440	350 773
Capitalised Lease Liability - At amortised cost	(164 440)	(186 333)
	(164 440)	(186 333)
	0	164 440
Total Long-term Borrowings	0	164 440
	0	164 440

13.1 The obligations under finance leases are scheduled below:

		Minimum payments
Amounts payable under finance leases:		
Payable within one year	177 615	236 820
Payable within two to five years	-	177 615
Payable after five years	-	-
	177 615	414 435
<u>Less:</u> Future finance obligations	(13 176)	(63 663)
Present value of finance lease obligations	164 440	350 772

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Kyocera	Copier	17-23%	0%	3 Years	01/03/2020

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 2

14. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	33 097 509	30 322 537
Total Non-current Provisions	33 097 509	30 322 537
	2019 R	2018 R

14.1 Landfill Sites

Balance 1 July	30 322 537	27 361 781
Contribution for the year	1 695 698	1 580 796
Change in Provision for Rehabilitation Cost	1 079 274	1 379 960
Total provision 30 June	33 097 509	30 322 537
<u>Less:</u> Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	33 097 509	30 322 537

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation volume (m³)	28 395	33 017	7 153	3 791
Preliminary and general (Rand)	1 032 105	1 397 998	315 557	192 058
Site Clearance and Preparation	87 457	101 692	22 031	11 676
Storm water control measures (Rand)	1 346 202	1 385 797	621 680	490 071
Capping (Rand)	5 565 625	6 462 753	1 413 795	701 626
Gas Management (Rand)	-	-	-	-
Leachate Management (Rand)	362 559	672 395	186 141	158 139
Fencing (Rand)	10 333	1 363 060	10 333	10 333
Environmental Authorisation Closing License (Rand)	438 691	438 691	438 691	438 691
Technical ROD (Rand)	92 644	92 644	92 644	92 644
Install Groundwater Monitoring Boreholes with locable caps (Rand)	194 212	157 089	162 911	172 950
Landscape Architects (Rand)	123 111	123 111	123 111	123 111
Water use licence (Rand)	18 212	18 212	18 212	18 212
Topographical Survey (Rand)	5 830	6 763	5 830	5 830
Contingencies (Rand)	840 428	1 138 370	256 954	156 390
Engineering: Professional Fees (Rand)	693 353	939 155	211 987	129 022
Site Supervision (Engineer's Representative) (Rand)	261 281	358 645	192 325	138 503
Site Supervision (Environmental Control Officer & OHS Agent)	86 247	162 858	117 345	91 180

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost at the current inflation rate of 5,40%, and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2019	2018
		R	R
Brandvlei	2080	275 978 307	274 543 351
Calvinia	2025	20 317 459	19 589 568
Loeriesfontein	2028	6 725 625	6 897 703
Nieuwoudtville	2035	6 798 016	6 446 521
		309 819 407	307 477 143

15. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	14 563 311	14 791 118
Provision for Long Service Awards	1 839 606	1 734 058
Total Non-current Employee Benefits	16 402 917	16 525 176

Post Retirement Health Care Benefits

Balance 1 July	15 644 801	12 327 937
Contribution for the year	1 799 690	1 416 546
Expenditure for the year	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial Loss/(Gain)	(977 541)	(911 395)
Total provision 30 June	15 487 103	15 644 801
Less: Transfer of Current Portion to Current Provisions - Note 17	(923 792)	(853 683)
Balance 30 June	14 563 311	14 791 118

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Long Service Awards</u>		
Balance 1 July	1 978 590	1 849 647
Contribution for the year	334 615	370 676
Expenditure for the year	(108 655)	(86 869)
Actuarial Loss/(Gain)	(106 507)	(154 864)
Total provision 30 June	2 098 043	1 978 590
Less: Transfer of Current Portion to Current Provisions - Note 17	(258 437)	(244 532)
Balance 30 June	1 839 606	1 734 058

15.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	22	23
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	15	15
Total Members	37	38

The liability in respect of past service has been estimated to be as follows:

In-service members	4 073 242	5 291 229
Continuation members	11 413 861	10 353 572
Total Liability	15 487 103	15 644 801

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	5 362 866	4 847 341	7 257 839
Continuation members	6 965 071	6 547 437	5 524 918
Total Liability	12 327 937	11 394 778	12 782 757

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
Samwumed

The Current-service Cost for the ensuing year is estimated to be R228 221, whereas the Interest Cost for the next year is estimated to be R1 372 722.

	2019 %	2018 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	9,13%	9,42%
Health Care Cost Inflation Rate	6,64%	7,27%
Net Effective Discount Rate	2,33%	2,00%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 62 years.		
iv) Expected rate of salary increases		
2019/2020 - CPI + 1,5%	9,13%	9,42%
2020/2021 - CPI + 1,25%	6,64%	7,27%

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	15 487 103	15 644 801
Fair value of plan assets	-	-
	<u>15 487 103</u>	<u>15 644 801</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>15 487 103</u>	<u>15 644 801</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	15 644 801	12 327 937
Total expenses	819 843	723 756
Current service cost	365 253	292 821
Interest Cost	1 434 437	1 123 725
Benefits Paid	(979 847)	(692 790)
Removal of Maximum Subsidy	-	3 504 503
Actuarial (gains)/losses	(977 541)	(911 395)
Present value of fund obligation at the end of the year	<u>15 487 103</u>	<u>15 644 801</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	4,073	11,414	15,487

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	4,912	12,576	17,488	13%
Health care inflation	-1%	3,409	10,409	13,818	-11%
Post-retirement mortality	-1 year	4,193	11,832	16,025	3%
Average retirement age	-1 year	4,378	11,414	15,792	2%
Withdrawal Rate	-10%	3,558	11,414	14,972	-3%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	228 200	1 372 700	1 600 900

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	284 400	1 555 200	1 839 600	15%
Health care inflation	-1%	184 800	1 220 500	1 405 300	-12%
Post-retirement mortality	-1 year	234 900	1 421 900	1 656 800	3%
Average retirement age	-1 year	251 100	1 400 500	1 651 600	3%
Withdrawal Rate	-10%	199 800	1 325 700	1 525 500	-5%
				2019 Rm	2018 Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0,464	0,297
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	1,118	0,863	1,007
Assets: Gain / (loss)	-	-	-

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 138 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R198 525 whereas the Interest Cost for the next year is estimated to be R158 297.

	2019 %	2018 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8,03%	8,49%
General Salary Inflation (long-term)	5,47%	6,12%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,43%	2,23%
	2019 R	2018 R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 098 043	1 978 590
Fair value of plan assets	-	-
	2 098 043	1 978 590
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	2 098 043	1 978 590

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 978 590	1 849 647
Total expenses	225 960	215 429
Current service cost	176 802	153 342
Interest Cost	157 813	148 956
Benefits Paid	(108 655)	(86 869)
Effect of Valuing different Policy	-	68 378
Actuarial (gains)/losses	(106 507)	(154 864)
Present value of fund obligation at the end of the year	2 098 043	1 978 590

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		2,098	
General salary inflation	1%	2,221	6%
General salary inflation	-1%	1,986	-5%
Average retirement age	-2 yrs	1,877	-11%
Average retirement age	2 yrs	2,235	7%
Withdrawal rates	-50%	2,348	12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	198 500	158 300	356 800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings care inflation	1%	214 600	168 200	382 800	7%
General earnings care inflation	-1%	184 100	149 300	333 400	-7%
Discount rate	1%	185 300	167 500	352 800	-1%
Discount rate	-1%	213 500	147 700	361 200	1%
Average retirement age	-2 year	180 500	141 800	322 300	-10%
Average retirement age	2 year	213 200	169 300	382 500	7%
Withdrawal Rate	-50%	238 600	178 400	417 000	17%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0,102	0,132
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	0,230	0,003	0,190
Assets: Gain / (loss)	-	-	-

15.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance		
Consolidated Retirement Fund	3 017 947	2 870 088
Municipal Workers Retirement Fund	635 171	681 187
	<hr/>	<hr/>
	3 653 118	3 551 275
	<hr/>	<hr/>

16. CONSUMER DEPOSITS

Electricity	909 156	839 721
Rental Properties	80 130	72 258
Total Consumer Deposits	989 286	911 979
	<hr/>	<hr/>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

17. CURRENT EMPLOYEE BENEFITS

Performance Bonuses	381 377	276 571
Staff Bonuses	1 116 454	1 089 173
Staff Leave	2 065 808	1 764 326
Current Portion of Non-Current Provisions	1 182 229	1 098 215
	<hr/>	<hr/>
Current Portion of Post Retirement Benefits - Note 15	923 792	853 683
Current Portion of Long-Service Provisions - Note 15	258 437	244 532
Total Provisions	4 745 868	4 228 284
	<hr/>	<hr/>

The movement in current provisions are reconciled as follows:

17.1 Performance Bonuses

Balance at beginning of year	276 571	210 874
Transfer from non-current	-	-
Contribution to current portion	104 806	65 697
Expenditure incurred	-	-
	<hr/>	<hr/>
Balance at end of year	381 377	276 571
	<hr/>	<hr/>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

17.2 Staff Bonuses

Balance at beginning of year	1 089 173	1 011 124
Contribution to current portion	2 821 233	2 878 039
Expenditure incurred	(2 793 952)	(2 799 990)
	<hr/>	<hr/>
Balance at end of year	1 116 454	1 089 173
	<hr/>	<hr/>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

17.3 Staff Leave

Balance at beginning of year	1 764 326	1 783 842
Contribution to current portion	441 279	110 707
Expenditure incurred	(139 797)	(130 223)
	<hr/>	<hr/>
Balance at end of year	2 065 808	1 764 326
	<hr/>	<hr/>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	8 571 052	22 287 649
Advance Payments	1 197 910	713 646
Control, Clearing and Interface Accounts	71 164	100
Other Payables	3 689 876	4 687 044
Department of Transport	16 389 892	15 615 132
Retentions	8 412 483	10 431 582
Correction of Error - Note 43.6	-	(10 182 059)
Total Trade Payables	38 332 377	43 553 094

Disclosed as:

Trade and Other Payables	21 942 485	27 937 962
Non-Current Trade and Other Payables	16 389 892	15 615 132
Total Trade Payables	38 332 377	43 553 094

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

19. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	-	5 660 964
National Government Grants	-	5 660 964
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	-	5 660 964

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

20. TAXES

20.1	VAT Payable	-	-
	VAT Output in Suspense	(2 849 241)	(3 880 763)
Less:	Contribution to Provision for Doubtful Debt Impairment	2 524 071	2 267 155
	Total VAT Payable	(325 169)	(1 613 608)
20.2	VAT Receivable	3 665 521	3 219 738
	VAT Input in Suspense	4 782 065	4 741 129
	Total VAT Receivable	8 447 586	7 960 867
20.3	Net VAT (Payable)/Receivable	8 122 417	6 347 260

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
21. NET ASSET RESERVES		
RESERVES	4 954 489	2 628 176
Revaluation Reserve	4 954 489	2 628 176
Total Net Asset Reserve and Liabilities	4 954 489	2 628 176
	4 954 489	2 628 176

21.1 The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.

22. PROPERTY RATES

Actual

Rateable Land and Buildings

Business and Commercial Property
Public Benefit Organisations
Residential Properties
State-owned Properties
Agricultural Property

Less: Revenue Forgone

Total Property Rates

Valuations - 1 July 2018

Rateable Land and Buildings

Business and Commercial Property
Farm Properties
Industrial Property
Municipal Properties
Public Benefit Organisations
Public Service Infrastructure Properties
Residential Properties
Small Holdings
State-owned Properties
Agricultural Property
Other Categories

Total Assessment Rates

16 472 339	16 038 344
1 554 987	1 450 064
5 466 203	5 191 059
6 635 116	6 652 501
916 985	884 298
1 899 048	1 860 422
(8 050 923)	(7 650 417)
8 421 415	8 387 927

3 507 788 200	3 554 565 300
123 517 000	125 031 300
28 938 100	28 070 600
2 213 200	2 213 200
16 847 000	16 773 200
17 257 800	17 174 400
414 491 900	414 492 900
489 928 800	493 342 600
4 706 300	5 796 500
72 444 800	72 444 800
2 273 000 200	2 312 365 200
64 443 100	66 860 600
3 507 788 200	3 554 565 300

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development. The next valuation was exempted to 1 July 2019.

	2019	2018
Basic Rate		
Brandvlei - Land and buildings	1.2663045c/R	1.2025684c/R
Calvinia - Land and buildings	1.2663045c/R	1.2025684c/R
Loeriesfontein - Land and buildings	1.2663045c/R	1.2025684c/R
Nieuwoudtville - Land and buildings	1.2663045c/R	1.2025684c/R
Agriculture Properties	0.0835329c/R	0.0793285c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R35 000 on the valuation is exempted.
Agriculture -	35% Discount
Government -	20% Discount

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	27 213 000	25 184 000
Equitable Share	22 818 000	21 047 000
Expanded Public Works Programme Integrated Grant	1 345 000	1 000 000
Local Government Financial Management Grant	1 970 000	1 900 000
Libraries, Archives and Museums	1 080 000	1 237 000
Government Grants and Subsidies - Capital	69 843 964	89 981 037
Integrated National Electrification Programme Grant	-	1 000 000
Municipal Infrastructure Grant	7 436 000	16 716 000
Water Services Infrastructure Grant	13 160 964	4 000 000
Regional Bulk Infrastructure Grant	49 247 000	68 265 037
Total Government Grants and Subsidies	97 056 964	115 165 037
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>		
Equitable Share	22 818 000	21 047 000
<u>Conditional</u>		
Local Government Financial Management Grant	74 238 964	94 118 037
Municipal Infrastructure Grant	1 970 000	1 900 000
Integrated National Electrification Programme Grant	7 436 000	16 716 000
Regional Bulk Infrastructure Grant	-	1 000 000
Expanded Public Works Programme	49 247 000	68 265 037
Municipal Water Infrastructure Grant	1 345 000	1 000 000
Libraries, Archives and Museums	13 160 964	4 000 000
	1 080 000	1 237 000
Total Government Grants and Subsidies	97 056 964	115 165 037
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	22 818 000	21 047 000
Finance and Administration	1 970 000	1 900 000
Community and social services	1 080 000	1 297 000
Sport and recreation	346 000	6 903 473
Road Transport	3 495 000	3 619 482
Energy Sources	-	1 000 000
Water Management	62 407 964	72 365 037
Waste Water Management	4 940 000	6 633 045
Waste Management	-	400 000
Total Government Grants and Subsidies	97 056 964	115 165 037
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
23.1 <u>Equitable Share</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	22 818 000	21 047 000
Interest received	-	-
Rpaid to National Revenue Fund	-	-
Conditions met - Operating	(22 818 000)	(21 047 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 970 000	1 900 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 970 000)	(1 900 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Infrastructure Grant (MIG)

Opening balance	-	26 000
Correction of Error	-	-
Grants received	7 436 000	16 716 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	-	-
Conditions met - Capital	(7 436 000)	(16 716 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

23.4 Integrated National Electrification Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	-	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(1 000 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.5 Library Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	1 080 000	1 237 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 080 000)	(1 237 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<hr/>	<hr/>

The grant was used to finance library activities.

23.6 Regional Bulk Infrastructure Grant

Opening balance	-	-
Correction of Error	-	-
Grants received	49 247 000	65 426 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(49 247 000)	(65 426 000)
Conditions still to be met	-	-
	<hr/>	<hr/>

The Regional Infrastructure Grant was utilised to upgrade infrastructure in previously disadvantaged areas.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23.7 <u>Expanded Public Works Programme</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 345 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 345 000)	(1 000 000)
Conditions met - Capital	-	-
Conditions still to be met	<hr/> <hr/>	<hr/> <hr/>
The grant was used for job creation.		
23.8 <u>Municipal Water Infrastructure Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	7 500 000	4 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(7 500 000)	(4 000 000)
Conditions still to be met	<hr/> <hr/>	<hr/> <hr/>
The grant was used for drought relief projects.		
23.9 <u>Municipal Disaster Grant</u>		
Opening balance	5 660 964	-
Correction of Error	-	-
Grants received	-	8 500 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(5 660 964)	(2 839 037)
Conditions still to be met	<hr/> <hr/>	<hr/> <hr/>
The grant was used for drought relief projects.		
23.10 <u>Total Grants</u>		
Opening balance	5 660 964	26 000
Correction of Error	-	-
Grants received	91 396 000	120 826 000
Interest received	-	-
Repaid to National Revenue Fund	-	(26 000)
Conditions met - Operating	(27 213 000)	(25 184 000)
Conditions met - Capital	(69 843 964)	(89 981 037)
Conditions still to be met/(Grant expenditure to be recovered)	<hr/> <hr/>	<hr/> <hr/>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	-	5 660 964
Unpaid Conditional Government Grants and Receipts	<hr/>	<hr/>
Total	-	5 660 964
24. AVAILABILITY CHARGES		
Water	5 799 566	5 483 124
Total Availability Charges	5 799 566	5 483 124

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25. SERVICE CHARGES		
Electricity	22 719 013	22 767 884
Water	3 621 412	1 498 454
Waste Management	4 754 353	4 688 459
Waste Water Management	4 366 651	4 411 722
Correction of Error - Note 43.8	-	(7 847)
Total Service Charges	35 461 429	33 358 671
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
26. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	69 340	50 212
Building Plan Clause Levy	37 035	-
Camping Fees	155 009	3 807
Cemetery and Burial	10 030	16 505
Clearance Certificates	20 356	13 417
Entrance Fees	22 974	20 307
Photocopies and Faxes	6 299	8 369
Removal of Restrictions	-	59 221
Sale of Goods	4 466	430
Valuation Services	6 602	6 139
Total Sales of Goods and Rendering of Services	332 111	178 407
27. RENTAL FROM FIXED ASSETS		
Investment Property	290 732	311 295
Property, Plant and Equipment	56 349	38 578
Total Rental from Fixed Assets	347 081	349 873
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1 198 138	1 072 322
Total Interest Earned - External Investments	1 198 138	1 072 322
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	2 123 885	1 135 683
Total Interest Earned - Outstanding Receivables	2 123 885	1 135 683
30. OPERATIONAL REVENUE		
Administrative Handling Fees	1 516 612	1 834 998
Breakages and Losses Recovered	123	-
Total Operational Revenue	1 516 735	1 834 998
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	1 516 735	1 834 998
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	1 516 735	1 834 998

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	24 658 026	26 043 540
Pension and UIF Contributions	4 368 266	1 794 055
Medical Aid Contributions	750 161	652 075
Overtime	1 184 584	2 022 037
Bonuses	2 926 039	2 943 736
Motor Vehicle Allowance	1 068 505	993 765
Cell Phone Allowance	146 945	157 850
Housing Allowances	329 008	431 808
Other benefits and allowances	3 500	741 814
Payments in lieu of leave	441 279	110 707
Workmen's Compensation Fund	1 783	2 807
Post-retirement Benefit Obligations	699 868	4 019 044
Medical - Note 15.1	365 253	3 797 324
Current Service Cost	365 253	3 797 324
Long Service Awards - Note 15.2	334 615	221 720
	36 577 964	39 913 238
<u>Less:</u> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
Total Employee Related Costs	36 577 964	39 913 238
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr JI Swartz</i>		
Basic Salary	620 836	492 345
Performance Bonus	85 867	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	436 203	376 428
Total	1 213 107	938 973
<i>Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker</i>		
Basic Salary	475 549	296 569
Performance Bonus	69 199	-
Motor Vehicle Allowance	72 000	48 000
Cell Phone Allowance	10 200	6 800
Other benefits and allowances	359 780	193 585
Total	986 727	544 955
<i>Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk</i>		
Basic Salary	551 591	492 345
Performance Bonus	118 172	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	370 357	376 428
Total	1 110 321	938 973
<i>Remuneration of Director : Technical Services - Mr S Tsengiwe</i>		
Basic Salary	-	98 796
Motor Vehicle Allowance	-	16 000
Cell Phone Allowance	-	1 700
Payments in lieu of leave	-	5 510
Total	-	122 007

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Remuneration of Acting Chief Financial Officer - Mr JH Langner		
Acting Allowance	-	61 823
Total	-	61 823

32. REMUNERATION OF COUNCILLORS

RN Swartz	820 705	789 651
FJ Sterkse	290 075	280 247
HC Steenkamp	290 075	280 247
G Opperman	251 457	280 247
AJE Claasen	290 075	280 247
H De Wee	290 075	280 247
K Alexander	290 075	280 247
G Gous	290 075	280 247
JE Steenkamp	290 075	280 247
Total Councillors' Remuneration	3 102 684	3 031 625

Councillor G Opperman resigned on 31 May 2019

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	776 305	-	44 400	-	820 705
Chief Whip	245 675	-	44 400	-	290 075
Councillors	1 687 084	-	304 821	-	1 991 905
Total Councillors' Remuneration	2 709 063	-	393 621	-	3 102 684

In-kind Benefits

The Mayor is a full-time councillor. He is provided with an office and secretarial support at the cost of the Municipality.

33. CONTRACTED SERVICES

	2019 R	2018 R
Outsourced Services	2 347 547	670 543
Business and Advisory	515 579	-
Personnel and Labour	1 831 968	662 681
Refuse Removal	-	7 862
Consultants and Professional Services	2 796 165	1 547 565
Business and Advisory	1 728 424	922 882
Business and Financial Management	1 716 521	894 394
Medical Examinations	11 903	28 488
Laboratory Services	873 063	487 081
Water	873 063	487 081
Legal Cost	194 678	137 601
Legal Advice and Litigation	175 992	130 000
Collection	18 686	7 601
Contractors	7 335 942	9 363 889
Catering Services	87 079	69 813
Electrical	572 258	494 501
First Aid	-	2 251
Maintenance of Buildings and Facilities	347 259	612 257
Maintenance of Equipment	1 537 950	637 269
Maintenance of Unspecified Assets	4 791 207	7 543 308
Pest Control and Fumigation	189	4 489
Total Contracted Services	12 479 654	11 581 996

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	12 902 905	8 997 064
Correction of Error - Note 43.9	-	1 036 426
Total Depreciation and Amortisation	12 902 905	10 033 491
35. FINANCE COSTS		
Long-term Borrowings	76 154	82 154
Non-current Provisions	1 695 698	1 580 796
Non-current Employee Benefits	1 434 437	1 123 725
Payables	1 270 798	-
Total Finance Costs	4 477 087	2 786 675
36. BULK PURCHASES		
Electricity	20 137 544	20 464 378
Total Bulk Purchases	20 137 544	20 464 378
36. TRANSFERS AND SUBSIDIES		
Operational		
Allocations In-kind	150 929	4 381
Households	57 088	-
Non-profit Institutions	93 841	4 381
Total Transfers and Subsidies	150 929	4 381
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	108 299	95 514
Audit Fees	2 257 374	1 660 369
Bank Charges, Facility and Card Fees	489 091	450 894
Commission	645 061	750 000
Courier and Delivery Services	47 093	38 088
Communication	377 963	328 737
Deeds	16 520	17 071
Entertainment	6 761	4 868
External Computer Service	73 432	85 592
Insurance Underwriting	356 029	304 332
Learnerships and Internships	796 380	140 136
Printing, Publications and Books	535 370	631 728
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	218 107	256 535
Signage	52 314	59 212
Skills Development Fund Levy	316 382	297 857
Travel and Subsistence	1 860 529	1 507 228
Uniform and Protective Clothing	169 334	136 061
Correction of Error - Note 43.9	-	9 470
Total Operational Costs	8 826 037	7 273 694
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	1 712 775	3 131 389
Receivables from Non-exchange Revenue - Note 11	2 552 423	(514 686)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	4 265 198	2 616 702
39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Biological Assets	(54 000)	-
Property, Plant and Equipment	(89 703)	1 787 865
Total Gains/ (Loss) on Sale of Fixed Assets	(143 703)	1 787 865

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
40. PROFIT/ (LOSS) ON FAIR VALUE ADJUSTMENTS		
Investment Property carried at fair value	8 431 300	-
Total Profit/ (Loss) on Fair Value Adjustments	8 431 300	-

41. WATER LOSSES

Apparent Losses	-	11 465
Real Losses	96 463	52 947
Total Water Losses	96 463	64 412

42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Revaluation Reserve	2 628 176	-	2 628 176
Accumulated Surplus/(Deficit)	223 201 453	-	223 201 453
Long-term Borrowings	164 440	-	164 440
Non-current Provisions	30 322 537	-	30 322 537
Non-current Employee Benefits	16 525 176	-	16 525 176
Consumer Deposits	911 979	-	911 979
Current Employee Benefits	4 228 284	-	4 228 284
Trade and Other Payables from Exchange Transactions	53 735 153	-	53 735 153
Unspent Transfers and Subsidies	5 660 964	-	5 660 964
Current Portion of Long-term Borrowings	186 333	-	186 333
Property, Plant and Equipment	279 537 818	-	279 537 818
Agricultural	67 500	-	67 500
Investment Property	36 670 418	-	36 670 418
Intangible Assets	725 218	-	725 218
Heritage Assets	1 335 555	-	1 335 555
Non-Current Receivables from Exchange Transactions	102 990	-	102 990
Non-Current Receivables from Non-Exchange Transactions	21 227	-	21 227
Inventory	72 112	-	72 112
Receivables from exchange transactions	3 397 534	-	3 397 534
Receivables from non-exchange transactions	1 784 660	-	1 784 660
Taxes	6 347 260	-	6 347 260
Current Portion of Long-term Receivables	101 402	-	101 402
Cash and Cash Equivalents	7 400 803	-	7 400 803
		-	-
		-	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Statement of Financial Performance	Balance previously reported	Adjustments	Restated Balance
Property Rates	8 387 927	-	8 387 927
Government Grants and Subsidies	115 165 037	-	115 165 037
Actuarial Gains	1 066 259	-	1 066 259
Availability Charges	-	5 483 124	5 483 124
Fines, Penalties and Forfeits	49 950	-	49 950
Service Charges	38 849 642	(5 483 124)	33 366 518
Sales of Goods and Rendering of Services	178 407	-	178 407
Rental from Fixed Assets	349 873	-	349 873
Interest Earned - External Investments	1 072 322	-	1 072 322
Interest Earned - Exchange Transactions	1 135 683	-	1 135 683
Licences and Permits	657	-	657
Agency Services	925 592	-	925 592
Operational Revenue	1 834 998	-	1 834 998
Employee related costs	(39 913 238)	-	(39 913 239)
Remuneration of Councillors	(3 031 625)	-	(3 031 625)
Bad Debts Written Off	(10 873 970)	-	(10 873 970)
Contracted Services	(11 399 850)	(182 147)	(11 581 996)
Depreciation and Amortisation	(8 997 064)	-	(8 997 064)
Finance Costs	(2 786 675)	-	(2 786 675)
Bulk Purchases	(20 464 378)	-	(20 464 378)
Inventory Consumed	(1 773 259)	182 147	(1 591 112)
Operating Leases	(201 014)	-	(201 014)
Transfers and Subsidies	(4 381)	-	(4 381)
Operational Costs	(7 264 223)	-	(7 264 223)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	318	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables	2 616 702	-	2 616 702
Gains/(Loss) on Sale of Fixed Assets	1 787 865	-	1 787 865
Water Losses	(64 412)	-	(64 412)
Net Surplus/(Deficit) for the year	66 647 142	-	66 647 142

2019
R

2018
R

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

43.1 Property, Plant and Equipment

Balance previously reported	-	279 537 818
Cost	-	(97 205 361)
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 2	-	(4 854 166)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	291 165
Infrastructure Assets recognised incorrectly in previous years - Note 2	-	(71 712 344)
Land recognised incorrectly in periods before 1 July 2017 - Note 2	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	(8 875 340)
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(10 081 417)
Accumulated Depreciation	-	64 928 086
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	56
Accumulated Depreciation Infrastructure Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	58 797 209
Accumulated Depreciation Infrastructure Assets recognised incorrectly in 2017/2018 - Note 2	-	(1 475 408)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 2	-	4 559 392
Accumulated Depreciation Buildings recognised incorrectly in 2017/2018 - Note 2	-	463 299
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 2	-	2 623 183
Accumulated Depreciation Community Assets recognised incorrectly in 2017/2018 - Note 2	-	(24 317)
Restated Balance	-	247 260 543

Reconstructing of Asset Register.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
43.2 Investment Property		
Balance previously reported		
Reversal of prior year corrections - period before 1 July 2017 - Note 4	-	36 670 418
Investment Property not recognised in periods before 1 July 2017 - Note 4	-	(10 282 218)
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 4	-	9 579 300
	<u>-</u>	<u>(1 237 800)</u>
Restated Balance	<u>-</u>	<u>34 729 700</u>
Reconstructing of Asset Register.		
43.3 Intangible Assets		
Balance previously reported		
Cost	-	725 218
Intangible Assets recognised incorrectly in periods before 1 July 2017 - Note 5	-	(725 218)
	<u>-</u>	<u>(725 218)</u>
Restated Balance	<u>-</u>	<u>-</u>
Intangible Assets recognised incorrectly in prior years.		
43.4 Heritage Assets		
Balance previously reported		
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 6	-	1 335 555
	<u>-</u>	<u>282 500</u>
Restated Balance	<u>-</u>	<u>1 618 055</u>
Recognise museum not previously recorded.		
43.5 Receivables from Exchange Transactions		
Balance previously reported		
Correction of Consumer Accounts - Note 10	-	3 397 534
	<u>-</u>	<u>(7 847)</u>
Restated Balance	<u>-</u>	<u>3 389 686</u>
Correction of Consumer Accounts.		
43.6 Cash and Cash Equivalents		
Balance previously reported		
Correction of Unreconciled Items in periods before 1 July 2017 - Note 12	-	7 400 803
	<u>-</u>	<u>(79 721)</u>
Restated Balance	<u>-</u>	<u>7 321 082</u>
Correction of Unreconciled Items.		
43.7 Trade and Other Payables from Exchange Transactions		
Balance previously reported		
Correction of Trade Payables in 2017/2018 - Note 18	-	53 735 153
Correction of Other Payables in periods before 1 July 2017 - Note 18	-	9 470
	<u>-</u>	<u>(10 191 530)</u>
Restated Balance	<u>-</u>	<u>43 553 094</u>
Correction of Trade and Other Payables.		

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
43.8 Accumulated Surplus/(Deficit) - 1 July 2017		
Correction of Unreconciled Items in periods before 1 July 2017 - Note 43.6	-	(79 721)
Correction of Other Payables in periods before 1 July 2017 - Note 43.7	-	10 191 530
Recognise Loeriesfontein Museum in periods before 1 July 2017 - Note 43.4	-	282 500
Intangible Assets recognised incorrectly in periods before 1 July 2017 - Note 43.3	-	(725 218)
Operational Expenditure incorrectly recognised as Capital Under Construction in periods before 1 July 2017 - Note 43.1	-	(4 854 166)
Reversal of prior year corrections - period before 1 July 2017 - Note 43.2	-	(10 282 218)
Investment Property not recognised in periods before 1 July 2017 - Note 43.2	-	9 579 300
Investment Property property recognised incorrectly in periods before 1 July 2017 - Note 43.2	-	(1 237 800)
Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	291 165
Accumulated Depreciation Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(15 328)
Accumulated Impairment Losses Other Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	56
Infrastructure Assets recognised incorrectly in previous years - Note 43.1	-	(71 712 344)
Accumulated Depreciation Infrastructure Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	58 797 209
Land recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(1 973 258)
Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(8 875 340)
Accumulated Depreciation Buildings recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	4 559 392
Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	(10 081 417)
Accumulated Depreciation Community Assets recognised incorrectly in periods before 1 July 2017 - Note 43.1	-	2 623 183
Total	-	(23 512 476)

43.9 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		8 387 927	-	8 387 927
Government Grants and Subsidies		115 165 037	-	115 165 037
Actuarial Gains		1 066 259	-	1 066 259
Availability Charges		5 483 124	-	5 483 124
Fines, Penalties and Forfeits		49 950	-	49 950
Service Charges	43,5	33 366 518	(7 847)	33 358 671
Sales of Goods and Rendering of Services		178 407	-	178 407
Rental from Fixed Assets		349 873	-	349 873
Interest Earned - External Investments		1 072 322	-	1 072 322
Interest Earned - Exchange Transactions		1 135 683	-	1 135 683
Licences and Permits from Exchange Transactions		657	-	657
Agency Services		925 592	-	925 592
Operational Revenue		1 834 998	-	1 834 998
Total		169 016 347	(7 847)	169 008 499
Expenditure				
Employee related costs		(39 913 239)	-	(39 913 239)
Remuneration of Councillors		(3 031 625)	-	(3 031 625)
Bad Debts Written Off		(10 873 970)	-	(10 873 970)
Contracted Services		(11 581 996)	-	(11 581 996)
Depreciation and Amortisation	43,1	(8 997 064)	(1 036 426)	(10 033 491)
Finance Costs		(2 786 675)	-	(2 786 675)
Bulk Purchases		(20 464 378)	-	(20 464 378)
Inventory Consumed		(1 591 112)	-	(1 591 112)
Operating Leases		(201 014)	-	(201 014)
Transfers and Subsidies		(4 381)	-	(4 381)
Operational Costs	43,7	(7 264 223)	(9 470)	(7 273 694)
Total		(106 709 678)	(1 045 897)	(107 755 574)

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Balance previously reported	Adjustments	Restated Balance
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		318	-	318
Reversal of Impairment Loss/(Impairment Loss) on Receivables		2 616 702	-	2 616 702
Gains/(Loss) on Sale of Fixed Assets		1 787 865		1 787 865
Water Losses		(64 412)	-	(64 412)
Total		4 340 473	-	4 340 473
Net Surplus/(Deficit) for the year		66 647 142	(1 053 744)	65 593 398
				2019 R
				2018 R
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
Surplus/(Deficit) for the year		52 550 396		65 593 398
Adjustments (Cash and Non-Cash) for:				
Depreciation and Amortisation		12 902 905		9 842 987
Loss/(Gain) on Sale of Fixed Assets		143 703		616 309
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		10 879		-
Profit/(Loss) on Fair Value Adjustments		(8 431 300)		-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-		(318)
Government Grants and Subsidies received		91 396 000		120 800 000
Government Grants and Subsidies recognised as revenue		(97 056 964)		(115 165 037)
Contribution to provisions – Non-Current Provisions		1 695 698		1 580 796
Contribution from/to provisions - Non-Current Employee Benefits		1 045 803		4 512 066
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains		(1 084 048)		(1 066 259)
Contribution from/to - Current Employee Benefits		433 570		124 230
Contribution to provisions – Bad Debt		4 265 198		(3 086 411)
Bad Debts written off		4 889 493		10 873 970
Operating Surplus/(Deficit) before changes in working capital		62 761 333		94 625 732
Changes in working capital		(18 590 305)		6 465 897
Increase/(Decrease) in Trade and Other Payables		(5 220 717)		14 729 946
Increase/(Decrease) in Taxes		(1 775 157)		(4 765 476)
(Increase)/Decrease in Inventory		(103 502)		(17 042)
(Increase)/Decrease in Receivables from Exchange Transactions		(7 813 614)		(4 941 872)
(Increase)/Decrease in Receivables from Non-Exchange Transactions		(3 677 314)		1 460 342
Cash generated/(absorbed) by operations		44 171 029		101 091 629
45. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Current Accounts - Note 12		(4 939 003)		673 137
Call Deposits and Investments - Note 12		2 334 702		6 646 445
Cash Floats - Note 12		1 500		1 500
Total cash and cash equivalents		(2 602 801)		7 321 082
46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 45		(2 602 801)		7 321 082
Less:		-		(5 660 964)
Unspent Transfers and Subsidies - Note 19		-		(5 660 964)
Net cash resources available for internal distribution		(2 602 801)		1 660 118
Allocated to:				
Capital Replacement Reserve		-		-
Employee Benefits Reserve		-		-
Social Contribution Reserve		-		-
Non-Current Provisions Reserve		-		-
Valuation Reserve		-		-
Resources available for working capital requirements		(2 602 801)		1 660 118

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 13	164 440	350 773
Used to finance property, plant and equipment - at cost	(164 440)	(350 773)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

48. BUDGET INFORMATION

48.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

Enticipated to have roll over funds but all Grant expenditure was spend by year end

Consumer Debtors

Provision for Debt Impairment increased due to non payment of debtors.

Other Debtors

Possible VAT owed by SARS to the Municipality.

Current Portion of long-term receivables

Part of Consumer debtors budget.

Inventory

Water inventory increased due to new Plant in Loeriesfontein

48.2.2 Non-Current Assets

Long-term Receivables

Part of Consumer debtors budget.

Investments

Document reasons

Investment Property

Reconstructuring of Asset Register.

Property, Plant and Equipment

Reconstructuring of Asset Register.

Agricultural Assets

Reconstructuring of Asset Register.

Intangible Assets

New servitude to be registered for the Loeriesfontein Bulk Water Supply project

48.2.3 Current Liabilities

Borrowing

The payment of installment were budgeted under income/Expenditure

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Consumer Deposits

Hall Deposits included as Deposits due to mSCOA conversion

Trade and Other Payables

Inclusion of Department of Transport, Safety and Liaison

Provisions

Increase and salaries as well

48.2.4 Non-Current Liabilities

Borrowing

Lease liability will be settled within 12 twelve months therefore transferred to current liability

Provisions

Increase in rehabilitation costs for landfill sites

48.2.5 Net Assets

Accumulated Surplus/(Deficit)

Document reasons

Reserves

Restructuring of Asset register

Statement of Financial Performance

48.2.6 Revenue

Service Charges - Water Revenue

Decrease due to current economic climate and drought.

Service Charges - Sanitation Revenue

Decrease due to current economic climate and drought.

Service Charges - Refuse Revenue

Decrease due to current economic climate and drought.

Rental of Facilities and Equipment

Comonage not rented out as anticipated.

Interest Earned - External Investments

Grant funding (RBIG and MIG) invested during course of project.

Interest Earned - Outstanding Debtors

Increase of non payment of Debtors

Fines

Increase in fine income received.

Licences and Permits

Decrease in licences issued.

Agency Services

Function transferred to Post Office by the Department of Transport, Safety and Liasion

48.2.7 Expenditure

Employee Related Costs

Salary increases for the year

Debt Impairment

Over budget of debt impairment because of prior year results

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Depreciation and Asset Impairment

Reconstructuring of Asset Register.

Finance Charges

Document reasons

Bulk Purchases

Over budget due to prior year results

Other Materials

Less inventory purchased during year

Contracted Services

Repairs on fleet for the current financial year

Transfers and Grants

Bursaries for students registrations

Other Expenditure

Expenditure increased during the year

Loss on Disposal of PPE

Restructuring of Asset Register

Cash Flow Statement

48.2.8 Net Cash from Operating Activities

Taxation

Economic conditions made that debtors cannot pay their accounts

Service Charges

Economic conditions made that debtors cannot pay their accounts

Interest

More grant income received during the year

Finance costs

Land fill site interest and epost employment benefit interest

48.2.9 Net Cash from Investing Activities

Decrease/(Increase) in Non-Current Debtors

Payment arrangements were honoured during the year.

Capital Assets

Restructuring of Asset register - Additions

48.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

New Connections for the year

Repayment of Borrowing

Payment of finance leases for the year

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	16 152 123	24 270 989
Correction of prior period error	-	4 854 166
Restated opening balance	16 152 123	29 125 155
Unauthorised expenditure current year - operational	11 048 997	13 217 466
Unauthorised expenditure current year - capital	381 379	2 934 657
Approved by Council	(16 152 123)	(29 125 154)
Current	-	-
Prior Period	(16 152 123)	(29 125 154)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	11 430 376	16 152 123

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Over expenditure of 2018 approved budget - Operating	None	- 13 217 466
Over expenditure of 2018 approved budget - Capital	None	- 2 934 657
Over expenditure of 2019 approved budget - Operating	None	11 048 997 -
Over expenditure of 2019 approved budget - Capital	None	381 379 -
		11 430 376 16 152 123

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	11 048 997	13 217 466
Cash	-	-
	11 048 997	13 217 466

Analysed as follows: Non-cash

Employee related cost (Actuarial Valuations)	-	1 253 360
Depreciation and Amortisation	11 048 997	8 936 840
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	-	-
Loss on disposal of Property, Plant and Equipment	-	-
Impairment Losses	-	3 027 266
Other (list)	-	-
	11 048 997	13 217 466

Analysed as follows: Cash

Bulk Purchases	-	-
Contracted Services	-	-
Employee related cost	-	-
Operational Costs	-	-
Other (list)	-	-
	-	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The overspending of the Budget per municipal vote can be summarised as follows:

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Executive and Council	13 400 201	14 184 320	(784 119)	-
Vote 2 - Budget and Treasury Office	13 518 484	12 439 881	1 078 603	1 078 603
Vote 3 - Corporate Services	8 136 380	9 048 459	(912 079)	-
Vote 4 - Community and Social Services	2 555 392	2 837 084	(281 692)	-
Vote 5 - Sport and Recreation	1 388 943	1 015 163	373 780	373 780
Vote 6 - Public Safety	497 130	113 621	383 509	383 509
Vote 7 - Planning and Development	454 720	476 954	(22 234)	-
Vote 8 - Road Transport	8 868 538	7 549 645	1 318 893	1 318 893
Vote 9 - Electricity	23 659 730	37 193 589	(13 533 859)	-
Vote 10 - Water	18 907 667	12 326 067	6 581 600	6 581 600
Vote 11 - Waste Water Management	3 817 078	5 112 155	(1 295 077)	-
Vote 12 - Solid Waste	13 333 197	13 585 321	(252 124)	-
Vote 13 - Other	1 422 127	109 516	1 312 611	1 312 611
	109 959 588	115 991 775	(6 032 187)	11 048 997

Unauthorised expenditure current year - capital

Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Budget and Treasury Office	75 156	130 000	(54 844)	-
Vote 3 - Corporate Services	249 107	235 000	14 107	14 107
Vote 5 - Sport and Recreation	31 522	65 000	(33 478)	-
Vote 8 - Road Transport	4 940 551	5 921 634	(981 083)	-
Vote 9 - Electricity	369 798	25 000	344 798	344 798
Vote 10 - Water	38 785 507	51 772 000	(12 986 493)	-
Vote 11 - Waste Water Management	1 856 840	1 834 366	22 474	22 474
Vote 12 - Solid Waste	1 366 430	1 497 000	(130 571)	-
	47 674 911	61 480 000	(13 805 089)	381 379

**2019
R**

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	862 560	862 560
Correction of prior period error	-	-
Restated opening balance	862 560	862 560
Fruitless and wasteful expenditure current year	1 062 137	-
Written off by Council	(489)	-
Current	(489)	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	1 924 209	862 560

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019
R

2018
R

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019	2018
An amount of R775 000 paid to the previous municipal manager as a result of a settlement agreement.	<i>None</i>	775 000	775 000
An overpayment made to S.Domburg on retirement.	<i>None</i>	7 005	7 005
An overpayment made to K.Fourie on retirement.	<i>None</i>	23 555	23 555
An amount of R57 000 paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	<i>Currently under investigation by SAPS. MAS 52/06/2019</i>	57 000	57 000
Penalties and Interest charge on VAT Return Submission	<i>None</i>	42 505	-
Interest charged from ASLA Construction	<i>None</i>	1 019 144	-
		1 924 209	862 560

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	9 462 557	37 512 484
Correction of prior period error	-	-
Restated opening balance	9 462 557	37 512 484
Irregular expenditure current year	68 885 392	81 874 475
Expenditure authorised i.t.o. Section 32 of MFMA	-	(109 924 402)
Current	-	(675 044)
Prior Period	-	(109 249 358)
Written off by council	(24 073 043)	-
Current	(24 073 043)	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	54 274 906	9 462 557

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2019	2018
<i>Non compliance with SCM Regulations</i>	<i>None</i>	47 587 557	2 997 646
<i>Competitive bidding process not followed.</i>	<i>None</i>	6 687 349	6 464 911
		54 274 906	9 462 557

Recoverability of all irregular expenditure was evaluated by Council in terms of section 32 of MFMA. Council has declared all expenditure as irrecoverable.

50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	1 978 000	1 978 000
Council subscriptions	500 000	500 000
Amount paid - current year	-	(500 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	2 478 000	1 978 000

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
50.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	2 154 919	2 767 760
Correction of prior period error	-	-
Restated opening balance	2 154 919	2 767 760
Current year audit fee	2 807 504	1 216 559
External Audit - Auditor-General	2 807 504	1 216 559
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(1 356 253)	(1 200 000)
Amount paid - previous year	(1 570 830)	(629 400)
Balance unpaid (included in creditors)	2 035 340	2 154 919
50.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	3 219 738	2 279 251
Correction of prior period error	-	-
Restated opening balance	3 219 738	2 279 251
Amounts received - previous year	(2 368 926)	(1 032 719)
Amounts received - current year	(4 184 201)	(8 787 918)
Amount paid - current year	916 574	928 637
Amount paid - previous year	-	-
Amounts claimed - current year	6 082 336	10 454 727
Corrections	-	(622 239)
Closing balance	3 665 521	3 219 738
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
50.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	4 720 311	4 415 423
Amount paid - current year	(4 720 311)	(4 415 423)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	8 654 116	7 941 664
Amount paid - current year	(8 654 116)	(7 941 664)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
K Alexander	3 230	Outstanding more than 90 days

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 June 2019

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	18 168	2	4	-	-
August	40 299	3	1	-	-
September	45 501	8	-	-	-
October	54 225	8	2	-	-
November	66 529	5	-	-	13
December	87 001	10	-	-	8
January	10 613	1	1	-	1
February	123 833	10	2	-	9
March	114 660	1	2	-	15
April	128 184	7	5	-	4
May	27 583	2	-	-	6
June	103 840 565	3	3	5	5
	104 557 162	58	16	5	61

30 June 2018

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	9 750	3	-	1	-
August	38 620	1	-	1	4
September	23 949	3	-	1	1
October	214 063	5	1	4	14
November	94 019	1	-	2	5
December	85 678	2	-	2	6
January	90 806	1	-	1	2
February	253 301	7	-	2	9
March	143 297	3	-	2	5
April	233 596	6	1	-	7
May	81 576	4	-	2	4
June	195 822	13	-	2	9
	1 464 477	49	2	20	66

**2019
R**

Reconciliation of SCM Deviations:

Opening balance	454 760	454 760
Deviations from SCM current year	104 557 162	1 414 577
Approved in terms of Regulation 36(1)(a) and (b)	(810 569)	(1 414 577)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	104 201 352	454 760

50.8 Material losses

Electricity distribution losses

Percentage lost during distribution	13,94%	12,46%
Distribution loss (Rand Value)	4 004 439	3 348 314

Electricity losses is due to electricity theft on pre-paid meters.

Water distribution losses

Percentage lost during distribution	15,89%	11,16%
Distribution loss (Rand Value)	3 035 344	781 188

Normal pipe bursts and field leakages are responsible for water losses.

51. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019 R	2018 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2018: 1%) Increase in interest rates	73 450	70 485
1% (2018: 1%) Decrease in interest rates	(73 450)	(70 485)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 7 and 8 for balances included in receivables that were re-negotiated for the period under review.

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	<u>100,00%</u>	<u>175 637</u>	<u>100,00%</u>	<u>187 063</u>
<u>Non-exchange Receivables</u>				
Rates	<u>100,00%</u>	<u>12 921 636</u>	<u>100,00%</u>	<u>10 637 188</u>
<u>Exchange Receivables</u>				
Electricity	17,06%	6 309 904	14,87%	5 026 452
Water	34,76%	12 854 798	29,25%	9 888 432
Waste Management	24,44%	9 036 204	22,23%	7 513 681
Waste Water Management	15,05%	5 564 334	14,27%	4 824 114
Other	8,69%	3 214 019	19,39%	6 553 388
	<u>100,00%</u>	<u>36 979 259</u>	<u>100,00%</u>	<u>33 806 069</u>

No receivables are pledged as security for financial liabilities.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Non-Current Receivables				
Repay Arrangements	0,00%	-	0,00%	-
Non-exchange Receivables				
Rates	26,50%	11 672 817	23,07%	9 120 394
Exchange Receivables				
Services	73,50%	32 378 226	76,93%	30 408 535
	100,00%	44 051 044	100,00%	39 528 930
Ageing of amounts past due but not impaired are as follow:			Exchange Receivables	Non- exchange Receivables
2019				
1 month past due			-	240 066
2+ months past due			31 453 685	11 820 498
			31 453 685	12 060 564
2018				
1 month past due			-	213 917
2+ months past due			-	554 199
			-	768 116

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	175 637	187 063
Non-Current Receivables from Non-Exchange Transactions	40 052	38 555
Receivables from exchange transactions	36 979 259	33 798 221
Receivables from non-exchange transactions	14 582 369	10 905 055
Cash and Cash Equivalents	2 452 563	7 399 303
	<u>54 229 879</u>	<u>52 328 197</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years
2019				
Long-term Liabilities	177 615	-	-	-
Trade and Other Payables	38 332 377	-	-	-
	<u>38 509 992</u>	<u>-</u>	<u>-</u>	<u>-</u>
2018				
Long-term Liabilities	236 820	177 615	-	-
Trade and Other Payables	43 553 094	-	-	-
	<u>43 789 914</u>	<u>177 615</u>	<u>-</u>	<u>-</u>
		2019 R	2018 R	

52. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

52.1	<u>Financial Assets</u>	<u>Classification</u>		
Non-Current Receivables				
Receivables with repay arrangements		Financial Instruments at amortised cost	175 637	187 063
Sport Club Loans		Financial Instruments at amortised cost	40 052	38 555
Receivables from Exchange Transactions				
Electricity		Financial Instruments at amortised cost	6 309 904	5 026 452
Water		Financial Instruments at amortised cost	12 854 798	9 888 432
Property Rentals		Financial Instruments at amortised cost	-	-
Waste Management		Financial Instruments at amortised cost	9 036 204	7 513 681
Waste Water Management		Financial Instruments at amortised cost	5 564 334	4 824 114
Other Arrears		Financial Instruments at amortised cost	3 214 019	6 553 388
Cash and Cash Equivalents				
Bank Balances		Financial Instruments at amortised cost	117 860	752 859
Call Deposits		Financial Instruments at amortised cost	2 334 702	6 646 445
Total Financial Assets			<u>39 647 510</u>	<u>41 430 990</u>

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	175 637	187 063
Long-term Receivables	Sport Club Loans	40 052	38 555
Receivables from Exchange Transactions	Electricity	6 309 904	5 026 452
Receivables from Exchange Transactions	Water	12 854 798	9 888 432
Receivables from Exchange Transactions	Waste Management	9 036 204	7 513 681
Receivables from Exchange Transactions	Waste Water Management	5 564 334	4 824 114
Receivables from Exchange Transactions	Other Arrears	3 214 019	6 553 388
Cash and Cash Equivalents	Bank Balances	117 860	752 859
Cash and Cash Equivalents	Call Deposits	2 334 702	6 646 445
		<u>39 647 510</u>	<u>41 430 990</u>
Total Financial Assets		<u>39 647 510</u>	<u>41 430 990</u>

52.2	Financial Liabilities	Classification		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial Instruments at amortised cost	164 440	350 773
	Trade and Other Payables			
	Trade Payables	Financial Instruments at amortised cost	8 571 052	22 287 649
	Advance Payments	Financial Instruments at amortised cost	1 197 910	713 646
	Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	71 164	100
	Other Payables	Financial Instruments at amortised cost	3 689 876	4 687 044
	Retentions	Financial Instruments at amortised cost	8 412 483	10 431 582
	Cash and Cash Equivalents			
	Bank Overdraft	Financial Instruments at amortised cost	5 056 864	-
			<u>27 163 789</u>	<u>38 470 794</u>

SUMMARY OF FINANCIAL LIABILITIES

	Financial instruments at amortised cost:		
Long-term Liabilities	Capitalised Lease Liability	164 440	350 773
Trade and Other Payables	Trade Payables	8 571 052	22 287 649
Trade and Other Payables	Advance Payments	1 197 910	713 646
Trade and Other Payables	Control, Clearing and Interface Accounts	71 164	100
Trade and Other Payables	Other Payables	3 689 876	4 687 044
Trade and Other Payables	Retentions	8 412 483	10 431 582
Cash and Cash Equivalents	Bank Overdraft	5 056 864	-
		<u>27 163 789</u>	<u>38 470 794</u>

53. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	Taxes		
	VAT Receivable	8 447 586	7 960 867
	Receivables from Non-Exchange Transactions		
	Rates	12 921 636	10 637 188
		<u>12 921 636</u>	<u>10 637 188</u>
	Total Statutory Receivables (before provision)	21 369 222	18 598 055
Less:	Provision for Debt Impairment	(11 672 817)	(9 120 394)
	Total Statutory Receivables (after provision)	9 696 405	9 477 661

Statutory Receivables arises from the following legislation:

- Taxes - Value Added Tax Act (No 89 of 1991)
- Rates - Municipal Properties Rates Act (No 6 of 2004)
- Fines - Criminal Procedurs Act

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	861 072	748 677
31 - 60 Days	240 066	213 917
61 - 90 Days	246 828	194 393
+ 90 Days	11 573 670	9 480 201
Total	12 921 636	10 637 188
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	9 120 394	8 605 708
Contribution to provision	2 552 423	514 686
Reversal of provision	-	-
Balance at end of year	11 672 817	9 120 394
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	240 066	213 917
2+ months past due	11 820 498	554 199
	12 060 564	768 116

54. IN-KIND DONATIONS AND ASSISTANCE

The Northern Cape: Provincial Treasury has assisted the municipality with asset management related services during the year. These services does not meet the recognition criteria in terms of GRAP 23, and are therefore only disclosed in the financial statements. The estimate value of the services amount to R1 574 000.

55. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

56. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

57. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

57.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2019						
Councillors						
JE Steenkamp	-	387	319	-	706	
FJ Sterkse	-	-	2 986	-	2 986	
H De Wee	-	283	-	-	283	
G Opperman	-	-	965	-	965	
HC Steenkamp	-	-	1 612	-	1 612	
AJE Claasen	73	416	298	-	788	
K Alexander	-	3 230	618	-	3 849	
RN Swartz	114	434	-	-	548	
	187	4 751	6 799	-	11 737	-
Municipal Manager and Section 57 Employees						
Jl Swartz	-	-	-	-	-	-
JR van Wyk	522	344	-	-	866	-
	522	344	-	-	866	-

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Year ended 30 June 2018	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Councillors						
JE Steenkamp	-	502	-	-	502	-
G Opperman	37	698	18	-	753	-
HC Steenkamp	-	-	6 860	-	6 860	-
AJE Claasen	-	3 734	2 038	-	5 771	-
K Alexander	-	-	308	-	308	-
RN Swartz	108	425	-	-	533	-
	146	5 358	9 224	-	14 728	-
Municipal Manager and Section 57 Employees						
JL Swartz	-	283	-	-	283	-
S Tsengiwe	-	-	62	-	62	-
JR van Wyk	496	334	-	-	830	-
	496	617	62	-	1 175	-

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

57.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

57.3 Remuneration of Councillors

The annual salary increase for remuneration of councillors, as published in the Government Gazette, was 4%. The MEC for COGTHA concurred a salary increase of 2%. The increase of 4% were paid to councillors. Council took a decision to engage with COGTHA on this matter.

				2019 R	2018 R
57.4 Other related party transactions					

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	
Lewis September Trading	C Barnes September	Technician: Water Service	Husband	50 350
				50 350
				135 850

58. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Hantam communities resulted in a serious risk for Hantam Municipality's going concern.

Unless sustainable job creation is achieved, Hantam Municipality will not be able to function as a going concern without Government Grants and Subsidies.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R14 540 043 (2018: R19 909 320).

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

59. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

60. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

APPENDIX A
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
LEASE LIABILITY								
Kyocera Lease	17,16%		2020	47 871	-	-	(25 598)	22 273
Kyocera Lease	17,16%		2020	60 493	-	-	(32 348)	28 145
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	22,76%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	18,57%		2020	12 206	-	-	(6 381)	5 824
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	17,16%		2020	47 872	-	-	(25 598)	22 274
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 361
Kyocera Lease	18,57%		2020	24 261	-	-	(12 900)	11 360
Total Lease Liabilities				350 773	-	-	(186 333)	164 440
TOTAL EXTERNAL LOANS				350 773	-	-	(186 333)	164 440

APPENDIX B
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
1 902 000	(11 750 728)	(9 848 728)	Governance and Administration	3 268 213	(12 344 774)	(9 076 561)
27 860 956	(16 816 730)	11 044 225	Executive and council	36 406 295	(19 554 437)	16 851 858
-	(1 818 135)	(1 818 135)	Finance and administration	-	(2 049 719)	(2 049 719)
			Internal audit			
1 329 441	(2 166 171)	(836 730)	Community and Public Safety	1 103 504	(3 052 522)	(1 949 018)
6 919 328	(860 823)	6 058 505	Community and social services	413 698	(1 334 330)	(920 632)
-	-	-	Sport and recreation	-	-	-
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
			Health	-	-	-
			Economic and Environmental Services			
4 492 739	(1 960 990)	(1 960 990)	Planning and development	-	(1 560 855)	(1 560 855)
	(7 961 632)	(3 468 893)	Road transport	4 037 061	(8 868 538)	(4 831 478)
-	(33 232)	(33 232)	Environmental protection	155 009	(54 612)	100 396
			Trading Services			
27 286 206	(27 367 101)	(80 895)	Energy sources	24 403 606	(23 659 730)	743 876
82 510 901	(16 675 654)	65 835 247	Water management	74 628 942	(18 907 667)	55 721 274
12 126 053	(5 544 634)	6 581 419	Waste water management	10 739 304	(5 138 037)	5 601 267
7 919 503	(13 713 661)	(5 794 158)	Waste management	7 354 353	(13 333 197)	(5 978 844)
-	(84 237)	(84 237)	Other	-	(101 168)	(101 168)
172 347 126	(106 753 727)	65 593 398	Sub Total	162 509 985	(109 959 588)	52 550 396
-	-	-	Less Inter-Departmental Charges	-	-	-
172 347 126	(106 753 727)	65 593 398	Total	162 509 985	(109 959 588)	52 550 396

APPENDIX C
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Executive and Council			
1 902 000	(1 206 411)	(1 206 411)	Municipal Manager	-	(2 802 922)	(2 802 922)
	(10 598 324)	(8 696 324)	Councilors	3 268 213	(10 597 279)	(7 329 066)
			Budget and Treasury Office			
4 169 271	(5 231 057)	(1 061 787)	Finance General	1 970 000	(8 256 512)	(6 286 512)
8 952 734	(5 637 609)	3 315 125	Accountant Revenue	9 567 342	(3 006 421)	6 560 921
-	(10 200)	(10 200)	Accountant Expenditure	8 431 300	(1 627 286)	6 804 014
-	(334 712)	(334 712)	Supply Chain Management	-	(628 265)	(628 265)
			Corporate Services			
15 228 431	(3 159 551)	12 068 879	Administration	16 107 733	(3 102 964)	13 004 769
-	(321 055)	(321 055)	Human Resources	-	(374 274)	(374 274)
(539 692)	(4 915 974)	(5 455 666)	Property Services	292 884	(4 659 143)	(4 366 259)
			Community and Social Services			
76 505	(130 714)	(54 210)	Cemeteries	10 030	(152 604)	(142 574)
1 252 936	(1 983 742)	(730 806)	Libraries	1 093 474	(2 402 788)	(1 309 314)
			Sport and Recreation			
6 903 839	(33 232)	(33 232)	Nature Reserves	-	(54 612)	(54 612)
11 682	(835 945)	6 067 893	Sport Ground	390 724	(1 267 104)	(876 380)
3 807	(24 877)	(13 195)	Swimming Pool	22 974	(67 226)	(44 252)
	-	3 807	Caravan Park	-	-	-
			Public Safety			
-	(51 715)	(51 715)	Civil Defence	-	(497 130)	(497 130)
			Planning and Development			
-	(931 689)	(931 689)	IDP Department	-	(454 720)	(454 720)
			Road Transport			
3 619 482	(5 985 101)	(2 365 619)	Roads	3 495 000	(6 875 176)	(3 380 176)
873 257	(1 976 531)	(1 103 274)	Traffic Services	542 061	(1 993 363)	(1 451 302)
			Electricity			
27 286 206	(27 367 101)	(80 895)	Electricity Distribution	24 403 606	(23 659 730)	743 876
			Water			
82 510 901	(16 675 654)	65 835 247	Water Distribution	74 628 942	(18 907 667)	55 721 274
			Waste Water Management			
12 126 053	(5 544 634)	6 581 419	Waste Water Management	10 739 304	(3 817 078)	6 922 226
			Solid Waste			
7 919 503	(13 713 661)	(5 794 158)	Waste Removal	7 354 353	(13 333 197)	(5 978 844)
			Other			
-	(84 237)	(84 237)	Aerodrome	-	(101 168)	(101 168)
-	-	-	Vehicle Account	-	(1 320 959)	(1 320 959)
			Environmental Health			
50 212	-	50 212	Environmental Health	192 044	-	192 044
172 347 126	(106 753 727)	65 593 398	Sub Total	162 509 985	(109 959 588)	52 550 396
	-	-	Less Inter-Departmental Charges	-	-	-
172 347 126	(106 753 727)	65 593 398	Total	162 509 985	(109 959 588)	52 550 396

APPENDIX D
HANTAM MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants											
Equitable Share	-	-	-	22 818 000	-	-	(22 818 000)	-	-	-	-
Local Government Financial Management	-	-	-	1 970 000	-	-	(1 970 000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	7 436 000	-	-	-	(7 436 000)	-	-	-
Integrated National Electrification Program	-	-	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	49 247 000	-	-	-	(49 247 000)	-	-	-
Expanded Public Works Programme	-	-	-	1 345 000	-	-	(1 345 000)	-	-	-	-
Municipal Water Infrastructure Grant	-	-	-	7 500 000	-	-	-	(7 500 000)	-	-	-
Municipal Disaster Grant	5 660 964	-	5 660 964	-	-	-	-	(5 660 964)	-	-	-
Total National Government Grants	5 660 964	-	5 660 964	90 316 000	-	-	(26 133 000)	(69 843 964)	-	-	-
Provincial Government Grants											
Libraries, Archives and Museums	-	-	-	1 080 000	-	-	(1 080 000)	-	-	-	-
Total Provincial Government Grants	-	-	-	1 080 000	-	-	(1 080 000)	-	-	-	-
Total Grants	5 660 964	-	5 660 964	91 396 000	-	-	(27 213 000)	(69 843 964)	-	-	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

HANTAM MUNICIPALITY - Reconciliation of Table A1 Budget Summary

R thousands	Description	2018/19								2017/18			
		Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
		1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance													
Property rates	8 833	(49)	8 784	8 421		362	95,9%	95,3%					8 380
Service charges	53 036	89	53 126	41 261		11 865	77,7%	77,8%					33 367
Investment revenue	–	–	–	347		(347)	#DIV/0!	#DIV/0!					350
Transfers recognised - operational	27 213	–	27 213	509		26 704	1,9%	1,9%					926
Other own revenue	5 559	733	6 292	41 043		(34 752)	652,3%	738,3%					34 939
Total Revenue (excluding capital transfers and contributions)	94 642	773	95 415	91 582		3 833	96,0%	96,8%					77 961
Employee costs	41 314	(1 924)	39 390	–		39 390	0,0%	0,0%	–	–	–	–	–
Remuneration of councillors	3 255	(170)	3 084	35 494		(32 410)	1150,8%	1090,5%	–	–	–	–	38 847
Debt impairment	–	–	–	3 103		(3 103)	#DIV/0!	#DIV/0!	–	–	–	–	3 032
Depreciation & asset impairment	8 042	(883)	7 159	4 265		2 894	59,6%	53,0%	–	–	–	–	(2 617)
Finance charges	2 186	16	2 201	12 903		(10 702)	586,2%	590,4%	–	–	–	–	10 033
Materials and bulk purchases	26 390	1 202	27 592	24 615		2 977	89,2%	93,3%	–	–	–	–	23 251
Transfers and grants	158	(108)	50	12 480		(12 429)	24810,4%	7901,0%	–	–	–	–	11 582
Other expenditure	32 032	2 196	34 228	1 818		32 410	5,3%	5,7%	–	–	–	–	1 595
Total Expenditure	113 376	329	113 705	94 677		19 028	83,3%	83,5%	–	–	–	–	85 724
Surplus/(Deficit)	(18 735)	444	(18 291)	(3 095)		(15 196)	16,9%	16,5%					(7 762)
Transfers recognised - capital	61 837	(2 220)	59 617	(17 294)		76 911	-29,0%	-28,0%					(24 388)
Contributions recognised - capital & contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!					–
Surplus/(Deficit) after capital transfers & contributions	43 102	(1 776)	41 326	(20 389)		61 715	-49,3%	-47,3%					(32 150)
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!					–
Surplus/(Deficit) for the year	43 102	(1 776)	41 326	(20 389)		61 715	-49,3%	-47,3%					(32 150)
Capital expenditure & funds sources													
Capital expenditure													
Transfers recognised - capital	61 403	(2 220)	59 183	45 583		13 600	77,0%	74,2%					96 718
Public contributions & donations	–	–	–	–		–	#DIV/0!	#DIV/0!					–
Borrowing	–	–	–	–		–	#DIV/0!	#DIV/0!					–
Internally generated funds	800	1 497	2 297	2 092		205	91,1%	261,5%					511
Total sources of capital funds	62 203	(723)	61 480	47 675		13 805	77,5%	76,6%					97 228
Cash flows													
Net cash from (used) operating	67 024	(17 498)	49 526	44 171		–	89,2%	65,9%					101 092
Net cash from (used) investing	(62 203)	723	(61 480)	(53 986)		–	87,8%	86,8%					(94 401)
Net cash from (used) financing	(572)	15 615	15 043	(109)		–	-0,7%	19,1%					(76)
Cash/cash equivalents at the year end	22 779	(13 160)	9 619	(2 603)		–	-27,1%	-11,4%					7 401

HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	29 571	590	30 161	39 675		(9 514)	131,5%	134,2%				29 763
Executive and council	1 998	–	1 998	3 268		(1 270)	163,6%	163,6%				1 902
Finance and administration	27 573	590	28 163	36 406		(8 244)	129,3%	132,0%				27 861
Internal audit	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<i>Community and public safety</i>	4 206	(2 104)	2 102	1 517		585	72,2%	36,1%				8 249
Community and social services	1 119	(12)	1 107	1 104		3	99,7%	98,6%				1 329
Sport and recreation	3 087	(2 092)	995	414		582	41,6%	13,4%				6 919
Public safety	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Housing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Health	–	–	–	–		–	#DIV/0!	#DIV/0!				–
<i>Economic and environmental services</i>	4 330	(21)	4 309	4 192		117	97,3%	96,8%				4 493
Planning and development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Road transport	4 330	(21)	4 309	4 037		272	93,7%	93,2%				4 493
Environmental protection	–	–	–	155		(155)	#DIV/0!	#DIV/0!				–
<i>Trading services</i>	118 371	88	118 459	117 126		1 333	98,9%	98,9%				129 851
Electricity	30 353	–	30 353	24 404		5 949	80,4%	80,4%				27 294
Water	65 610	–	65 610	74 629		(9 019)	113,7%	113,7%				82 511
Waste water management	12 896	(1)	12 895	10 739		2 155	83,3%	83,3%				12 126
Waste management	9 513	90	9 602	7 354		2 248	76,6%	77,3%				7 920
<i>Other</i>	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Total Revenue - Standard	156 479	(1 447)	155 032	162 510		(7 478)	104,8%	103,9%				172 355

HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
<i>Governance and administration</i>	32 444	1 291	33 735	33 949	-	(213)	100,6%	104,6%	-	-	-	30 386
Executive and council	12 065	149	12 214	12 345	-	(130)	101,1%	102,3%	-	-	-	11 751
Finance and administration	20 379	(828)	19 551	19 554	-	(3)	100,0%	96,0%	-	-	-	16 817
Internal audit	-	1 970	1 970	2 050	-	(80)	104,0%	#DIV/0!	-	-	-	1 818
<i>Community and public safety</i>	4 515	(839)	3 676	4 387	-	(711)	119,3%	97,2%	-	-	-	3 027
Community and social services	3 273	(373)	2 900	3 053	-	(153)	105,3%	93,3%	-	-	-	2 166
Sport and recreation	1 242	(466)	776	1 334	-	(558)	171,9%	107,4%	-	-	-	861
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Economic and environmental services</i>	10 835	(1 946)	8 889	10 484	-	(1 595)	117,9%	96,8%	-	-	-	9 956
Planning and development	1 915	(332)	1 583	1 561	-	22	98,6%	81,5%	-	-	-	1 961
Road transport	8 860	(1 614)	7 247	8 869	-	(1 622)	122,4%	100,1%	-	-	-	7 962
Environmental protection	59	-	59	55	-	5	91,9%	91,9%	-	-	-	33
<i>Trading services</i>	65 461	1 834	67 296	61 039	-	6 257	90,7%	93,2%	-	-	-	63 292
Electricity	33 258	3 321	36 579	23 660	-	12 919	64,7%	71,1%	-	-	-	27 358
Water	13 745	(1 622)	12 123	18 908	-	(6 784)	156,0%	137,6%	-	-	-	16 676
Waste water management	5 517	(456)	5 062	5 138	-	(76)	101,5%	93,1%	-	-	-	5 545
Waste management	12 941	590	13 532	13 333	-	198	98,5%	103,0%	-	-	-	13 714
<i>Other</i>	121	(11)	110	101	-	8	92,4%	83,6%	-	-	-	102
Total Expenditure - Standard	113 376	329	113 705	109 960	-	3 746	96,7%	97,0%	-	-	-	106 762
Surplus/(Deficit) for the year	43 102	(1 776)	41 326	52 550	-	(11 224)	127,2%	121,9%	-	-	-	65 593

HANTAM MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	1 998	–	1 998	3 268		(1 270)	163,6%	163,6%				1 902
Vote 2 - Budget and Treasury Office	11 841	(50)	11 791	19 969		(8 178)	169,4%	168,6%				13 122
Vote 3 - Corporate Services	15 648	724	16 372	16 401		(29)	100,2%	104,8%				14 689
Vote 4 - Community and Social Services	1 119	(12)	1 107	1 104		3	99,7%	98,6%				1 329
Vote 5 - Sport and Recreation	3 087	(2 092)	995	414		582	41,6%	13,4%				6 919
Vote 6 - Public Safety	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 7 - Planning and Development	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 8 - Road Transport	4 330	(21)	4 309	4 037		272	93,7%	93,2%				4 493
Vote 9 - Electricity	30 353	1 849	32 202	24 404		7 798	75,8%	80,4%				27 294
Vote 10 - Water	65 610	177	65 787	74 629		(8 842)	113,4%	113,7%				82 511
Vote 11 - Waste Water Management	12 896	259	13 155	10 739		2 416	81,6%	83,3%				12 126
Vote 12 - Solid Waste	9 513	90	9 602	7 354		2 248	76,6%	77,3%				7 920
Vote 13 - Other	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Vote 14 - Environmental Health	84	(84)	–	192		(192)	#DIV/0!	227,7%				50
Total Revenue by Vote	156 479	839	157 318	162 510		(5 192)	103,3%	103,9%				172 355
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	12 065	2 119	14 184	13 400	–	784	94,5%	111,1%	–	–	–	11 805
Vote 2 - Budget and Treasury Office	12 390	50	12 440	13 518	–	(1 079)	108,7%	109,1%	–	–	–	11 214
Vote 3 - Corporate Services	9 457	(409)	9 048	8 136	–	912	89,9%	86,0%	–	–	–	8 397
Vote 4 - Community and Social Services	3 164	(327)	2 837	2 555	–	282	90,1%	80,8%	–	–	–	2 114
Vote 5 - Sport and Recreation	1 301	(286)	1 015	1 389	–	(374)	136,8%	106,7%	–	–	–	894
Vote 6 - Public Safety	109	5	114	497	–	(384)	437,5%	455,6%	–	–	–	52
Vote 7 - Planning and Development	447	30	477	455	–	22	95,3%	101,7%	–	–	–	932
Vote 8 - Road Transport	8 860	(1 311)	7 550	8 869	–	(1 319)	117,5%	100,1%	–	–	–	7 962
Vote 9 - Electricity	33 258	3 936	37 194	23 660	–	13 534	63,6%	71,1%	–	–	–	27 358
Vote 10 - Water	13 745	(1 419)	12 326	18 908	–	(6 582)	153,4%	137,6%	–	–	–	16 676
Vote 11 - Waste Water Management	4 719	393	5 112	3 817	–	1 295	74,7%	80,9%	–	–	–	5 545
Vote 12 - Solid Waste	12 941	644	13 585	13 333	–	252	98,1%	103,0%	–	–	–	13 714
Vote 13 - Other	920	(810)	110	1 422	–	(1 313)	1298,6%	154,7%	–	–	–	102
Vote 14 - Environmental Health	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Expenditure by Vote	113 376	2 615	115 992	109 960		6 032	94,8%	97,0%	–	–	–	106 762
Surplus/(Deficit) for the year	43 102	(1 776)	41 326	52 550		(11 224)	127,2%	121,9%				

HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	8 833	(49)	8 784	8 421		362	95,9%	95,3%				8 380
Service charges - electricity revenue	28 527	-	28 527	28 519		9	100,0%	100,0%				22 768
Service charges - water revenue	11 063	(0)	11 063	3 621		7 441	32,7%	32,7%				1 498
Service charges - sanitation revenue	6 534	-	6 534	4 367		2 167	66,8%	66,8%				4 412
Service charges - refuse revenue	6 913	90	7 002	4 754		2 248	67,9%	68,8%				4 688
Rental of facilities and equipment	1 088	7	1 096	347		748	31,7%	31,9%				350
Interest earned - external investments	-	-	-	1 198		(1 198)	#DIV/0!	#DIV/0!				1 072
Interest earned - outstanding debtors	1 946	(60)	1 886	2 124		(237)	112,6%	109,1%				1 136
Dividends received	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Fines	34	(21)	13	40		(27)	307,6%	116,5%				50
Licences and permits	-	3	3	2		0	82,8%	#DIV/0!				1
Agency services	809	-	809	509		300	62,9%	62,9%				926
Transfers recognised - operational	27 213	-	27 213	27 399		(186)	100,7%	100,7%				25 184
Other revenue	1 681	804	2 485	10 280		(7 795)	413,7%	611,5%				7 497
Gains on disposal of PPE	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Total Revenue (excluding capital transfers and contributions)	94 642	773	95 415	91 582		3 833	96,0%	96,8%				77 961
Expenditure By Type												
Employee related costs	41 314	(1 924)	39 390	35 494	-	3 896	90,1%	85,9%	-	-	-	38 847
Remuneration of councillors	3 255	(170)	3 084	3 103	-	(18)	100,6%	95,3%	-	-	-	3 032
Debt impairment	12 981	-	12 981	4 265	-	8 716	32,9%	32,9%	-	-	-	(2 617)
Depreciation & asset impairment	8 042	(883)	7 159	12 903	-	(5 744)	180,2%	160,4%	-	-	-	10 033
Finance charges	2 186	16	2 201	4 477	-	(2 276)	203,4%	204,8%	-	-	-	2 787
Bulk purchases	24 211	889	25 100	20 138	-	4 963	80,2%	83,2%	-	-	-	20 464
Other materials	2 178	313	2 491	1 667	-	824	66,9%	76,5%	-	-	-	1 591
Contracted services	9 132	1 229	10 361	12 480	-	(2 118)	120,4%	136,7%	-	-	-	11 582
Transfers and grants	158	(108)	50	151	-	(101)	300,1%	95,6%	-	-	-	4
Other expenditure	9 919	967	10 886	14 055	-	(3 169)	129,1%	141,7%	-	-	-	18 413
Loss on disposal of PPE	-	-	-	144	-	(144)	#DIV/0!	#DIV/0!	-	-	-	(1 788)
Total Expenditure	113 376	329	113 705	108 876		4 830	95,8%	96,0%				102 349

HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(18 735)	444	(18 291)	(17 294)		(997)	94,5%	92,3%				(24 388)
Transfers recognised - capital	61 837	(2 220)	59 617	69 844		(10 227)	117,2%	112,9%				89 981
Contributions recognised - capital	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	43 102	(1 776)	41 326	52 550		(11 224)	127,2%	121,9%				65 593
Taxation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after taxation	43 102	(1 776)	41 326	52 550		(11 224)	127,2%	121,9%				65 593
Attributable to minorities	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) attributable to municipality	43 102	(1 776)	41 326	52 550		(11 224)	127,2%	121,9%				65 593
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	43 102	(1 776)	41 326	52 550		(11 224)	127,2%	121,9%				65 593

HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 5 - Sport and Recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 8 - Road Transport	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 9 - Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 10 - Water	44 247	-	44 247	31 261	-	12 986	71%	71%	3 029	-	-	76 955
Vote 11 - Waste Water Management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 12 - Solid Waste	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 13 - Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Capital multi-year expenditure	44 247	-	44 247	31 261	-	12 986			3 029	-	-	76 955
Single-year expenditure												
Vote 1 - Executive and Council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Budget and Treasury Office	130	-	130	75	-	55	58%	58%	-	-	-	52
Vote 3 - Corporate Services	235	-	235	249	(14)	(14)	106%	106%	-	-	-	173
Vote 4 - Community and Social Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	51
Vote 5 - Sport and Recreation	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	5 974
Vote 6 - Public Safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 8 - Road Transport	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Vote 9 - Electricity	25	-	25	370	(345)	(345)	1479%	1479%	90	90	-	1 090
Vote 10 - Water	7 525	-	7 525	7 525	-	-	100%	100%	-	-	-	3 815
Vote 11 - Waste Water Management	4 427	(2 593)	1 834	1 857	(22)	(22)	101%	42%	-	-	-	6 023
Vote 12 - Solid Waste	-	1 497	1 497	1 366	-	131	91%	#DIV/0!	-	-	-	-
Vote 13 - Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Capital single-year expenditure	17 956	(723)	17 233	16 414	(381)	819	95%	91%	90	90	-	19 864
Total Capital Expenditure - Vote	62 203	(723)	61 480	47 675	(381)	13 805	78%	77%	3 120	90	-	96 819

HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
<i>Governance and administration</i>	365	-	365	324	-	41	89%	89%	-	-	-	-
Executive and council	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Finance and administration	365	-	365	324	-	41	89%	89%	-	-	-	226
Internal audit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Community and public safety</i>	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	6 025
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	51
Sport and recreation	3 065	(3 000)	65	32	-	33	48%	1%	-	-	-	5 974
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Economic and environmental services</i>	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Planning and development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Road transport	2 549	3 373	5 922	4 941	-	981	83%	194%	-	-	-	2 686
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<i>Trading services</i>	56 224	(1 096)	55 128	42 379	-	12 750	77%	75%	-	-	-	87 883
Electricity	25	-	25	370	-	(345)	1479%	1479%	90	90	-	1 090
Water	51 772	-	51 772	38 786	-	12 986	75%	75%	2 844	2 844	-	80 770
Waste water management	4 427	(2 593)	1 834	1 857	-	(22)	101%	42%	-	-	-	6 023
Waste management	-	1 497	1 497	1 366	-	131	91%	#DIV/0!	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Total Capital Expenditure - Standard	62 203	(723)	61 480	47 675	-	13 805	78%	77%	2 935	2 935	-	193 413
Funded by:												
National Government	61 403	(2 220)	59 183	45 583	-	13 600	77%	74%	-	-	-	96 718
Provincial Government	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Transfers recognised - capital	61 403	(2 220)	59 183	45 583	-	13 600	77%	74%	-	-	-	96 718
Public contributions & donations												
Borrowing												
Internally generated funds	800	1 497	2 297	2 092	-	205	91%	262%	-	-	-	511
Total Capital Funding	62 203	(723)	61 480	47 675	-	13 805	78%	77%	-	-	-	97 228

HANTAM MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	7 066	(11)	7 055	6 137	(7 066)	-62196,6%	#VALUE!	7 804
Service charges	46 832	37	46 869	35 571	(46 832)	126962,4%	#VALUE!	34 566
Other revenue	3 485	(175)	3 310	1 540	(3 485)	-1890,2%	#VALUE!	5 384
Government - operating	27 213	-	27 213	27 213	(27 213)	#DIV/0!	#VALUE!	25 158
Government - capital	61 837	(2 220)	59 617	64 183	(61 837)	-2685,5%	#VALUE!	95 642
Interest	1 719	(1 719)	-	1 198	(1 719)	0,0%	#VALUE!	1 072
Dividends	-	-	-	-	-	#DIV/0!	#VALUE!	-
Payments								
Suppliers and employees	(81 128)	(13 410)	(94 538)	(90 325)	81 128	705,0%	#VALUE!	(68 452)
Finance charges	-	-	-	(1 347)	-	#DIV/0!	#VALUE!	(82)
Transfers and Grants	-	-	-	-	-	#DIV/0!	#VALUE!	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	67 024	(17 498)	49 526	44 171	(67 024)	#DIV/0!	#VALUE!	101 092
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	#DIV/0!	#VALUE!	-
Decrease (increase) in non-current debtors	-	-	-	10	-	#DIV/0!	#VALUE!	94
Decrease (increase) other non-current receivables	-	-	-	-	-	#DIV/0!	#VALUE!	-
Decrease (increase) in non-current investments	-	-	-	-	-	#DIV/0!	#VALUE!	-
Payments								
Capital assets	(62 203)	723	(61 480)	(53 996)	62 203	-8503,5%	#VALUE!	(94 495)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 203)	723	(61 480)	(53 986)	62 203	#DIV/0!	#VALUE!	(94 401)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	#DIV/0!	#VALUE!	-
Borrowing long term/refinancing	-	-	-	-	-	#DIV/0!	#VALUE!	-
Increase (decrease) in consumer deposits	60	-	60	77	(60)	#DIV/0!	#VALUE!	79
Payments								
Repayment of borrowing	(632)	15 615	14 983	(186)	632	96,0%	#VALUE!	(155)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(572)	15 615	15 043	(109)	572	#DIV/0!	#VALUE!	(76)
NET INCREASE/ (DECREASE) IN CASH HELD	4 249	(1 160)	3 089	(9 924)				6 615
Cash/cash equivalents at the year begin:	18 530	(12 000)	6 530	7 321				786
Cash/cash equivalents at the year end:	22 779	(13 160)	9 619	(2 603)	(22 779)	-73,1%	#VALUE!	7 401

HANTAM MUNICIPALITY

AFS REVIEW REPORT BY THE AUDIT
PERFORMANCE AND RISK COMMITTEE

2018/19

PURPOSE

The purpose of this report is to inform Council of the review of the unaudited Annual Financial Statements (herewith after referred to as AFS) for the year ended 30 June 2019. The audit performance and risk committee (herewith after referred to as the committee) only review the layout of the AFS as it will be audited by the office of the Audit General South Africa (herewith after referred to as AGSA).

Review of the unaudited annual financial statements for the year ended 30 June 2019.

MANDATE

The Audit Committee was appointed in terms of section 166 of the Municipal Finance Management Act No. 56 of 2003. According to section 166 (2)(b)

(2) An Audit Committee is an independent advisory body which must –

(b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the Annual Division of Revenue Act and any other applicable legislation.

The Audit Committee is required to review and evaluate the annual financial statements before it is submitted to the AGSA. To fulfil its mandate the audit committee make reference to the MFMA, Circular 65 and other resources.

AUDIT COMMITTEE STRUCTURE

The established Audit Committee for Hantam Municipality consist of three independent external members as listed below:

Mr A Titus (Chairperson) [NQF5 ; RE5 (FSCA)]

Mr E Kapank appointed August 2019 [NQF4; currently busy with 2nd year Business Management Diploma]

Mrs E van Wyk [NQF8 B.Rek (Stell) Hons, B Compt (Unisa)]

SUBMISSION OF FINANCIAL STATEMENTS

The committee met on 30 August 2019 and is pleased that the administration complied with legislation to submit the AFS to the committee for review. It must however be noted that the committee received the AFS on 30 August 2019 and could not review the AFS in much detail.

REVIEW FINDINGS

The following areas in the AFS were discussed and are listed below:

- The increase in property, plant and equipment were noted as additions to property, plant and equipment, but also revaluations to the value of R2.3m to land and operational buildings.
- Assets unbundled during the year were discussed and mainly attributed to Loeriesfontein Bulk water supply being unbundled.
- Agricultural assets were briefly touched on and noted as being the Springbucks in the Nature Reserve and that a physical count was performed.
- The R8.4m change in Investment Property were clarified as a fair value gain. This fair value gain was based on the values as per the new valuation roll dated 1 July 2019.
- Intangible assets increased with R575,194 due to a servitude registered.
- The Loeriesfontein Museum addition to heritage assets were noted.
- Trade receivables with payment arrangements longer than 12 months were discussed by the committee.
- The committee took note of the water inventory recognised at a cost per kilo litre of water on hand at year end as explained by the Chief Financial Officer.
- The committee expressed their concern regarding the increase in trade receivables and especially the provision for debt impairment which consist of 88% of total trade receivables.
- Cash and cash equivalents were reviewed and the reduction in cash and cash equivalents were due to a roll-over grant spent in 2019 of R5.6m.
- Lease liability were noted and will be repaid in the 2020 financial year.
- Provisions of R33m were touched on by the committee as well as the estimated decommission dates, with the earliest being Calvinia with an estimation date of 2025
- Non-current and current employee benefits were briefly discussed. Figures are based on calculations provided by actuaries.
- The committee enquired about the non-current trade payables which consisted of the Department of Transport.
- Current trade payables reduced substantially compared to 2018 and the committee take note of the reduction.
- The committee take note of the Government Grants and how these grants were spent.
- The committee discussed revenue from exchange transactions and enquired into operational revenue.
- Correction of errors as per note 43 to the AFS were noted.
- Unauthorised, Irregular, Fruitless and wasteful expenditure were discussed and the committee enquired about the unauthorised expenditure of R2.3m to be approved by council. The municipality explained the details surrounding the fruitless and wasteful expenditure. The committee also noted that the irregular expenses were declared as irrecoverable by council.
- Material losses were discussed and the committee raised their concerns regarding the water distribution losses of R3m in 2019 compared to R781,188 of 2018.

AFS GRAP COMPLIANT

The financial reporting framework provides the criteria for auditing by the Auditor General and the financial reporting framework determines the content and format of the annual financial

statements. As a precondition, the Auditor General should thus determine whether the applicable financial reporting framework was applied.

AFS for municipalities should be prepared in terms of GRAP (Generally Recognised Accounting Practice). Due to the time constraint applicable to the review, the GRAP Disclosure Checklist could not be performed by the audit committee and thus we could not determine if the minimum requirements of the effective standards of GRAP have been complied with.

REQUIREMENTS OF FINANCIAL REPORTING FRAMEWORK

The AFS must meet the common financial needs of their users. The financial reporting framework exhibits certain attributes that result in information provided in the AFS that is useful for intended users to make economic decisions. These requirements are:

Relevance

The information in the AFS is relevant to the nature of the municipality and relevant to the purpose of the AFS. The purpose is to help the users make informed decisions about the municipality based on the information on the statement of financial position, the statement of financial performance and statement of cash flow.

Completeness

Transactions and events, account balances and disclosures that could affect conclusions based on information in the AFS must not be omitted.

Reliability

Information on events and transactions must be reasonable consistent in measurement, evaluation, presentation and disclosure.

Neutrality

The information in the AFS must be free of bias.

Understandability

The information in the AFS must be clear, comprehensive and not subject to different interpretation.

Based on the information presented to the committee and the review findings it thus appears as if the requirements of the financial reporting framework were met and hence the AFS presented fairly in all material aspects, the financial position of the municipality.

ACCOUNTING POLICIES

The annual financial statements adequately disclose the significant accounting policies selected and applied. The accounting policies selected and applied are consistent with the applicable financial reporting framework and are appropriate. The accounting policies were applied consistently with prior periods, unless explicitly stated.

COMPLETENESS

The errors mentioned below were brought under the attention of the Chief Financial Officer, which indicated that these errors would be corrected subsequent to the audit committee meeting held on 30 August 2019

- The heading to the notes to the financial statements read 'Example Municipality' with the year ended 30 June 2018 in stead of 30 June 2019.
- Note 23.5, 23.6, 23.7, 23.8 and 23.9 needs to be completed to include the description of each grant.
- Note 41 were still to be completed.
- Note 48 were still to be completed.

REASONABLENESS

The estimates made by management seem to be reasonable.

AUDIT FILE

The Audit Committee cannot confirm that the audit file is in line with applicable standards and guidelines contained in Circular 50 or as updated, since the audit file was not handed to us for review. The Audit committee could therefore not review the audit file for validity, accuracy and completeness.

CONCLUSION

We thank the management of the municipality for their hard work to compile the AFS. We are however disappointed that we only got the final statements after it has been submitted to the Auditor General. The AGSA can cast suspicion on the audit committee for providing some or limited assurance because of incomplete financial statements which were submitted to us on very short notice. The committee wish the municipality well with the annual audit by the AGSA.



Abraham Titus

Signed on behalf of Audit committee.



HANTAM MUNICIPALITY

ATTENDENCE REGISTER

**AUDIT, PERFORMANCE AND RISK COMMITTEE MEETING CALVINA BOARDROOM:
FRIDAY 30 AUGUST 2019 @ 15:30 / 14:30
FOR THE REVIEW OF THE 2018/2019 UNAUDITED ANNUAL FINANCIAL STATEMENTS**

NAME AND SURNAME	CAPACITY	CONTACT DETAILS	SIGNATURE
Abraham Titus	Voorsitter – Oudit komitee	(074) 583 5175	
ETHENNE KAPANK	Oudit komitee lid	073/169931	
Werner Sauter	CFO	079 4192150	



HANTAM MUNICIPALITY

ATTENDENCE REGISTER

**AUDIT, PERFORMANCE AND RISK COMMITTEE MEETING CALVINA BOARDROOM:
FRIDAY 30 AUGUST 2019 @ 14:30
FOR THE REVIEW OF THE 2018/2019 UNAUDITED ANNUAL FINANCIAL STATEMENTS**

NAME AND SURNAME	CAPACITY	CONTACT DETAILS	SIGNATURE
Elzanne van Wyk	Audit Committee Member	0836552254	

HANTAM MUNISIPALITEIT



HERSIENING VAN VOORLOPIGE BESTUURS VERSLAG VANAF DIE OUDITEUR - GENERAAL 2018/2019

DEUR

OUDIT, PRESTASIE EN RISIKO BESTUUR

1. DOEL

Om aan die Raad ons indrukke te gee en ook verslag te doen op die voorlopige Bestuurs verslag van die 2018/2019 audit, deur die Ouditeur Generaal van Suid Afrika (hierna verwys as : Die OG).

2. MANDAAT

Die komitee se mandaat is uiteengesit in terme van die Municipale Finansiële Bestuurs Wet, Artikel 166 van Wet 56 van 2003 (hierna verwys as, MFMA).

3. KOMMENTAAR OP VERSLAG

Die komitee is met reg trots op die prestasie van ‘n ongekwalifiseerde Oudit vir die jaar onder oorsig, en is van mening dat dit die resultaat is van goeie leierskap en ‘n gefokusde arbeidsmag.

Daar is egter nog baie plek om te verbeter en daarom wil die komitee graag die volgende tekortkominge belig : -

3.1 Interne kontrole

Die auditkomitee neem kennis van die OG se bevindinge oor Interne kontrole.

Ons is van mening dat die “misstatements” en die nie-nakoming van sekere wetlike vereistes, ‘n behoefte toon om ons interne kontroles op te skerp.

Die komitee het by verskeie geleenthede die Bate Bestuursbeleid - wat uitgewys is in die OG se verslag - aangevra om deur te werk en ons oorsig te gee, maar dit was nie aan ons voor gelê nie.

Ons het reeds besluit om met ‘n proses te begin waar ons by ons kwartaallikse vergaderings ten minste 2 beleide gaan deurwerk en daarop verslag gaan lewer aan die Raad vir verbeterings, waar dit nodig skyn te wees.

Ons is van mening waar goeie en sterk beleide in plek is, “consequence management” waarna verwys is in die OG se verslag, iets van die verlede sal wees.

Die auditkomitee beveel dus aan dat:

Beleide sover as moonlik geskryf, goedgekeur, ge implementer en bestuur moet word, in alle departemente.

3.2 Wetlike vereistes

Beleide en wetlike vereistes ingevolge Artikel 122(1) van MFMA, is van die grootste oorsake van nie nakoming (non compliance) wat uitgelig is in die :-

- Finansiële state
- Prestasie bestuur
- Uitgawes
- Voorsienings kanaal (Supply chain) en
- Kontrak bestuur, ens.

3.3 Voorsieningskanaal (Supply chain)

Die komitee is bekommerd oor die bevindinge soos deur die OG uitgewys ten opsigte van prosesse wat nie behoorlik gevolg word nie, en kontroles in kontrak bestuur wat nie in plek is nie.

Die auditkomitee stel die volgende voor :-

- Wysig die Organogram met onmiddelike effek sodat die hoof in die Voorsienings kanaal departement; direk rapporteer aan die Direkteur : Finansies, sodat foutiewe of onsekere handelinge, vinnig aan die kaak gestel kan word,
- Personeel in die afdeling moet voortdurend intensieve opleiding ontvang,
- 'n Kontolelys moet ontwerp word met alle nakomings vereistes en moet so gou moonlik ge implementer word,
- Die personeel moet waar hulle kan, hulp verleen met Kontrakteurs sodat hulle geregistreer kan word by SARS.
Kontrakteurs / Verskaffers moet ook behoorlik ingelig word dat dit 'n voor vereiste is vir hulle, voordat hulle ge kontrakteur kan word.

Samewerking van bestuur en amptenare moet gegee word sodat die Voorsieningskanaal kan voldoen aan alle wetlike bepalings.

Die auditkomitee het besluit dat hulle die Interne auditplan sal wysig, sodat Interne audit die Voorsieningskanaal gereeld audit, en ons sodoende kan fokus op prosesse en interne kontrole in die department.

3.4 Ongemagtigde, Onreelmatige en Verkwiste uitgawes (UIF)

Die volledigheid van die registers wat na Raad, MPAC en die Dissiplinêre komitee verwys was, is 'n bron van kommer, en strenger maatreëls moet in plek gesit word om die korrekheid en volledigheid daarvan te verseker.

Ons is van mening dat :-

Beleide in plek moet wees, tesame met vaardige en opgeleide personeel, en bevindige soos deur die OG uitgewys, sal uit die weg geruim word.

Die Raad moet kennis neem dat UIF uitgawes nie net summier as oninvorderbaar verklaar kan word nie, maar dat daar ten volle aan die wetlike prosesse voldoen word met spesifieke verwysing na ondersoeke.

Die proses moet gaan na die Raad, MPAC en Dissiplinêre komitee, sodat volledig verslag gedoen kan word in terme van invorderbaarheid en/of aanspreeklikheid.

Die OG het in sy 2018/2019 oudit klem gelê oor die wetlike prosesse wat nie gevolg was in die department nie, ‘n bevinding wat ons moet teen werk voor aanstaande jaar se oudit.

3.5 Finansiële State

Die kwaliteit en gehalte van die state is ‘n bron van kommer vir die komitee en is grotendeels die gevolg van bestaande bevindinge, soos uitgewys deur die OG in sy verslag.

Ons is van mening dat Mubesko as ‘n Finansiële konsultant, nie waarde toevoeg tot die Munisipaliteit nie, as gekyk word na openbaarmakings in die OG se verslag.

Die komitee stel voor dat :-

‘n Goed gekwalifiseerde persoon permanent aangestel word in die plek van Mubesko, wat die CFO op n daaglikse basis kan bystaan en sodoende die effektiwiteit van die Departement van Finansies en Korporatiewe Dienste verder uit te bou en te verbeter.

3.6 Interne Oudit

Die ouditkomitee sal

1. Die interne oudit plan verander om fokus te plaas op :-
 - Interne kontrole
 - Wetlike vereistes
 - Ouditwerk by brandpunte soos uitgewys in die OG se verslag
2. Met die MM in gesprek tree om die Interne Oudit eenheid te versterk deur nog ‘n persoon te ontplooи in die afdeling om die Interne ouditeur by te staan om haar werk met groter effektiwiteit te doen.

Die Interne Ouditeur is verder aangemoedig om onafhanklik, vreesloos en met die nodige objektiwiteit haar taak te verrig, om sodoende die strewe na skoon oudit te verwesenlik.

3.7 Oudit, Prestasie en Risiko komitee (Ouditkomitee)

Die komitee bly verbind daartoe om waarde toe te voeg en is dit ons missie om ons te beywer om Hantam Munisipaliteit te help uitbou tot ‘n model Munisipaliteit in die Noord Kaap.

Die komitee neem kennis van die OG se bevinding in terme van die oorsig van die Finansiële state wat nie behoorlik gedoen is nie, maar moet die Raad egter inlig dat ten tyde van die vergadering wat gehou was op 30 Augustus 2019 om 15h30, waar ons die state moes nagaan, was die komitee ingelig dat die state nog in die proses van finalisering is.

Ons het dus nie genoegsame tyd gehad om die state noukeurig deur te werk nie.

Alhoewel Omsendskrywe 65 deur Nasionale Tesourie aanbeveel dat die komitee die state 2 weke voor 30 Augustus moet kry om hulle oorsig te gee, verstaan ons die druk waaronder die CFO verkeer in hierdie tyd.

Ons het besin na die uitslag van die OG se bestuursbrief en doen ons navorsing om na manière te kyk, hoe om te verbeter in ons oorsig rol, as ouditkomitee.

4 Algemeen

Ons wil ons dank uitspreek teenoor ons Munisipale Bestuurder wat die komitee die geleentheid gegee het om kommentaar te lewer op die Bestuursbrief van die OG - 'n handeling wat nie deur ander Munispaliteite gevolg word soos by Hantam nie.

Ons waardeer u deursigtigheid en openlikheid as bestuurder, wat spreek van die eienskappe van 'n goeie leier.

Ons wil ook ons dank uitspreek teenoor die Direkteure, Senior Bestuur en personeel vir hulle bydrae tot die 2018/2019 finansiële jaar se ongekwalifiseerde verslag.

Ons wil die Raad gelukwens met die bekwaamheid van hulle politieke leierskap en invloed, wat bygedra het tot die oudit uitkoms.

Ook aan ons Hemelse Vader wat dit alles vir ons moontlik gemaak het deur Sy krag en genade.

Dit is ons wens dat alle rolspelers sal skouer aan die wiel sit sodat ons in die 2019/2020 finansiële jaar 'n skoon oudit sonder bevindinge sal kry.

Die komitee wens die Raad en Administrasie 'n geseënde feesgety toe.



Mnr. A Titus - Voorsitter
25 / 11 / 2019

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Hantam Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Hantam Local Municipality set out on pages X to X, which comprise statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, financial position of the Hantam Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No.1 of 2018) (Dora).

Basis for opinion

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Impairments - Receivables

7. As disclosed in note 10 to the financial statements, impairment of R32 378 226 (2018: R30 408 535) was incurred as a result of a write-off of irrecoverable receivables from exchange transactions.
8. As disclosed in note 11 to the financial statements, impairment of R11 672 817 (2018: R9 120 394) was incurred as a result of a write-off of irrecoverable receivables from non-exchange transactions.

Material losses - electricity

9. As disclosed in note 50.8 to the financial statements, material electricity losses of R4 004 439 (2017-2018: R3 348 314) was incurred, which represents 13.94 % (2017-2018: 12.46%) of total electricity purchased. The non-technical losses were due to theft of prepaid meters.

Unauthorised, irregular and fruitless and wasteful expenditure

10. As disclosed in note 49.1 to the financial statements, the municipality incurred unauthorised expenditure of **R9 130 240** as it overspent on the operational and capital budget.
11. As disclosed in note 49.2 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R2 443 106 as it incurred interest on late payments and payments to consultants for an asset register that was not used.
12. As disclosed in note 49.3 to the financial statements, the municipality incurred irregular expenditure of **R24 073 043** as it did not comply with supply chain regulations regarding competitive bidding and quotations.

Other matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

14. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

15. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the Hantam Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual performance report
Objective 1- Enhance infrastructure development and basic service delivery	x – x

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:

- Objective 1- Enhance infrastructure development and basic service delivery

Other matter

25. I draw attention to the matter below.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective 1- enhance infrastructure development and basic service delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
28. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance reports and annual reports

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion

Expenditure management

30. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2) (e) of the MFMA.
31. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred or accounted for creditors, as required by section 65(2)(b) of the MFMA.
32. Reasonable steps were not taken to prevent irregular expenditure amounting to R24 073 043 as disclosed in note 49.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA.
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R9 130 240, as disclosed in note 49.1 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA.
34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 443 106, as disclosed in note 49.2 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged for late payment and payments to consultants for assets register that was not used by the municipality.

Procurement and contract management

35. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Loriesfontein bulk water supply project.
36. Some of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
37. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
38. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
39. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.

Consequence management

40. Some of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

41. Some of the unauthorised expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2) (a) (ii) of the MFMA.
42. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA .
43. Some of the losses resulting from irregular expenditure were certified council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA .

Other information

44. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
45. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
46. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
47. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

48. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
49. The accounting officer did not exercise adequate oversight responsibility over the preparation of the financial statements and compliance with laws and regulations, and internal control. The leadership did not implement adequate processes to ensure that reviews took place before financial statements are submitted. This was evidenced by the material misstatements in the financial statements which were subsequently corrected and instances of non-compliance with laws and regulations which were identified by the audit process.

50. Senior management did not adhere to internal controls, which resulted in various instances of irregular, unauthorised and fruitless and wasteful expenditure being incurred and these instances were not detected by management.
51. Material misstatements were identified in the financial statements because senior management did perform adequate reviews. This indicates that there were weaknesses in internal control with regard to prevention and detection of errors in the financial statements
52. There were deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.
53. The supply chain management unit of the municipality did not always function effectively. The necessary procedures were not always followed.
54. Although risk management activities took place within the entity and the necessary policies and procedures have been formulated and documented, the entity continues to have material adjustments to the financial statements

Kimberly

30 November 2019



Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hantam Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.